FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,237

Tuesday May 19 1987

D 8523 A

Foreign investors set sights on Thai horizons, Page 46

World news | Business summary

S Korean police in harsh crackdown

South Korean security police cracked down harshly on the people of Kwangju as they tried to commemorate those killed in the 1980 uprising against a military government led by President Chun Doo Hwan.

About 10,000 riot and combat police – as well as plain-clothes security forces – patrolled the streets firing tear-gas at bystanders, religious groups and members of the victims' families attempting to show their support for democratic change in the country. Page 24

N-test effort

The US and the Soviet Union began a new effort in Geneva to resolve sharp differences over nuclear testing, with superpower experts trying to clear the way for full-scale negotiations.

Population explosion

The earth's population will pass the 5bn level some time in the middle of this year, according to a report published yesterday by the UN Fund for Population Activities. The 4bn milepost was reached in 1984. Page 3

'Protectionist' bill

Two US trade officials denounced as protectionist a pending bill to impose mandatory permanent quotas on imports of textiles, clothing and footwear, saying it would invite retaliation.

Turkish referendum

President Kenan Evren of Turkey approved a package of constitutional changes including a referendum on lifting a ban on former politicians.

N-plant breakdown

A nuclear power plant at Brokdorf, West Germany, which was shut down after a generator leak on May 1, broke down again and would remain idle, the owners said. The plant went into operation last October.

Cultural capital

Amsterdam began its year as cultural capital of Europe with a royal opening followed by music, dance and a fireworks display over the city's canals.

Israeli air raid

Four Israeli jets attacked the Miyeh Miyeh area east of Sidon, Lebanon. The raid followed recent warnings by Israeli leaders of tough action against Palestinian guerrilla activity in Lebanon.

Bulgarian reform

Bulgarian Communist Party leader Todor Zhivkov outlined his plans for reform and said it was time for genuine power to be handed over to the people.

Fourth candidate

Illinois Senator Paul Simon became the fourth official candidate for the 1988 US Democratic presidential nomination, vowing to stand up for the average American in the tradition of Franklin Roosevelt and Harry Truman. Page 4

Colombia reshuffle

Colombian President Virgilio Barco reshuffled half his cabinet to allow some political forces within the ruling Liberal Party a better say in government policies.

Appeal rejected

The South African Government said it had rejected a British appeal against the expulsion of two international television reporters.

Giant omelette

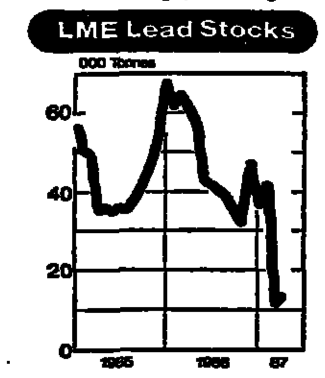
Villagers celebrating a festival in Carcacia, Spain, prepared a 900kg potato omelette, using a giant frying pan to fry 5,000 eggs and a crane to turn the omelette.

Guinness resolves shares dispute

GUINNESS, the international drinks company which is the subject of a UK Government inquiry, announced the resolution of a dispute with merchant bank Henry Ansbacher over the ownership of 2.15m Guinness shares, which has already prompted the resignation of four City of London bankers. Page 14

RENAULT, the state-owned French group, will not help Chrysler return to Western Europe by distributing the American concern's cars, Mr Christian Martin, Renault's export director for Europe, said. Page 25

LME Lead Stocks



LEAD stocks rose by 2,500 tonnes to 12,775 on the London Metal Exchange last week, the first increase in 16 weeks but still near their lowest levels this decade. Consumers' and merchants' purchases follow the strike at Canada's Cominco, one of the world's largest producers.Page 34

WALL STREET: The Dow Jones industrial average closed down 13.86 at 2,258.66. Page 46

TOKYO: The re-emergence of inflation fears in the US led Japanese share prices lower in quiet trade. The Nikkei average lost 430.05, its sixth biggest daily fall, to 24,298.98. Page 46

LONDON: Strong retail sales figures and improved prospects for a further cut in interest rates helped equities stay at record levels. Gilts eased. The FT-SE 100 index rose 2.4 to 2,192.1 and the FT Ordinary index added 4.8 to 1,696.4, both records. Details Page 42

GOLD rose $6.75 to $474.60 on the London bullion market. It also rose in Zurich to $475.25 ($469.00). Page 34

DOLLAR fell in London to 1.7780 (DM 1.7790); to SFr 1.4600 (SFr 1.4610); to FFr 5.9425 (FFr 5.9475); and to Y139.95 (Y139.80). On Bank of England figures the dollar's index rose 0.1 to 99.9. Page 35

STERLING rose in London to $1.6840 ($1.6785); it also rose to DM 2.9950 (DM 2.9850); to FFr 10.0050 (FFr 9.9825); to SFr 2.4575 (SFr 2.4525); and to Y235.75 (Y234.50). The pound's exchange rate index rose 0.2 to 73.8. Page 35

SAGA Petroleum, the independent Norwegian oil company which has been financially weakened by falling oil prices, posted first-quarter profits of NKr 26.8m ($4m) before extraordinary items. A loss of NKr 11.9m was reported after financial items, however. Page 25

K MART, the world's second largest retailer, increased first quarter income 25.7 per cent to $115.5m and says it is reaping the benefits of investment in electronic point-of-sale systems. Page 25

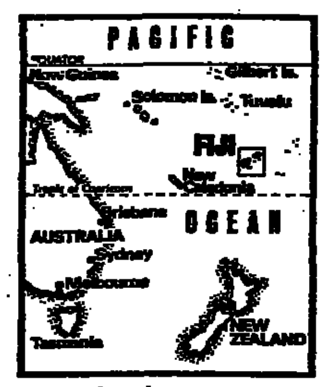
USAIR, the Washington-based airline, announced steps to relieve a balance sheet strained by recent acquisitions with an issue of new stock that could raise more than $400m. Page 25

NEW ZEALAND'S stock market suffered the biggest one-day fall in its history as the Barclays index of 40 leading shares fell 174.23 points to 2,813.68. Page 46

LI KASHING, one of Hong Kong's most powerful business figures, plans to split the power generating and non-utility interests of his subsidiary Hongkong Electric by setting up a new company, Cavendish international. It will include the Hong Kong Hilton and various property interests. Page 28

Fijians reach compromise to avert confrontation

BY CHRIS SHERWELL IN SUVA AND SIMON HOLBERTON IN LONDON



THE confrontation between Fiji's new military regime and its Governor-General appeared to have been temporarily averted last night.

An understanding appears to have been reached which confirms the executive authority of Ratu Sir Penaia Ganilau, the Governor-General. According to the regime Lt Col Sitiveni Rabuka has been confirmed as chairman of the Interim Council of Ministers.

This apparent accomodation between the two was being described as a break in the impasse and a start to the smoothing of tensions after last Thursday's bloodless coup. But the risks of a reverse remained high. The Governor is believed to have said he would resign if a speedy return to democracy was not forthcoming.

In London, the Foreign Office said the situation remained extremely confused, and it was still not clear how the negotiations between the Governor-General and Col Rabuka were going to work out.

Buckingham Palace confirmed that the Queen – Fiji's head of state – had sent a message of support last week to the Governor-General. She told him how much she admired his stand as her personal representative, and as "the guardian of the constitution" in Fiji.

In Wellington, Mr David Lange, the Prime Minister of New Zealand, said he did not believe that Ratu Sir Penaia Ganilau had sworn in Col Rabuka, following a discussion with his High Commissioner in Suva. Mr Lange also said he believed the coup took place to protect ministers of the former government from charges of corruption.

In a bizzare day of contradictory developments, tension among the Melanesian and Indian races gave way to hope that the island state's worst crisis might have a chance of being resolved without bloodshed.

Col Rabuka, the 38-year-old officer who kidnapped members of the recently-elected government, appeared to have accepted a compromise with the Governor General who insisted on assuming authority in the "temporary absence" of his Ministers.

In a broadcast repeated through the evening on local radio, the Governor General ordered the regime to dismantle its organisation for a quick return to parliamentary rule and to restore press freedom.

He also ordered the release of all detainees – including the Cabinet of Dr Timoci Bavadra, the deposed Prime Minister – and the withdrawal of the military to barracks.

However, although both sides appeared agreed in principle on a return to normality, it is not clear over what period this would take place, nor what form such normality would take. This was to be a matter for negotiation.

There was no immediate sign of a return to barracks by armed soldiers, nor of a release of detainees. Fiji's two newspapers had earlier decided not to publish today because of censorship.

The announcement followed a broadcast by the Governor General, subsequently repeated several times, in which he seemed to be standing firm in his refusal to recognise the legitimacy of the Council of Ministers.

The stark contradiction was resolved later when the regime officially confirmed that the Governor General had full executive authority and that the military regime had committed itself to compromise on a return to normalcy.

A successful outcome depends heavily on the Governor General's ability to use his position as representative of the Queen, tribal chief and highly respected citizen.

Just as important, it depends on the willingness of Col Rabuka, his soldiers and his Ministers – who include members of the government beaten in last month's election – to stand by their word.

All eyes will be on today's swearing in of the Council of Ministers, to see whether they include Col Rabuka's original choices, in particular Ratu Sir Kamesese Mara, the former Prime Minister.

Background, Page 4; Editorial comment, Page 22

Maxwell seeks to expand empire with $2bn US bid

BY JAMES BUCHAN IN NEW YORK AND MIKE SMITH IN LONDON

MR ROBERT Maxwell, the British publisher, last night made his biggest takeover attempt when he launched a $2bn hostile bid for Harcourt, Brace Jovanovich, the US publishing company.

Mr Maxwell said he wanted the merger to be "consummated on a friendly basis."

However, Mr William Jovanovich, chairman of Harcourt, said the "sudden unsolicited and hostile offer" was "preposterous both as to intent and value."

The proposed acquistion is part of Mr Maxwell's strategy of turning British Printing and Communication – the company through which he is making the offer – into one of the world's biggest communications companies.

His aim is to head a company with annual revenues of £3bn to £5bn ($4.8bn-$8bn) "and earnings per share to match," according to the group's 1986 annual report. Mr Maxwell has been involved in US communications for many years through both BPCC and Pergamon Press but it was only last year that he hit the US acquisition trail in a major way.

He has spent more than $400m since September in acquiring companies such as Providence Gravure, the print company for which BPCC paid Providence Journal Company $152.5m that month, and Webb, the publisher, for which it paid $117m in October.

Mr Robert Maxwell

Harcourt is one of the world's largest publishers. It also has interests in theme parks and insurance.

The BPCC offer values each Harcourt share at $44, to be paid in cash. Shares in Harcourt were suspended in New York at $29.25 after the takeover move was announced.

They rose $17⅞ to $48⅞ when trading resumed during the afternoon.

Mr Maxwell said that after discussions with merchant bank Hill Samuel and investment bank Rothschild of New York, advisers to BPCC, "we have reason to believe that the financing of such a transaction was available." He would not go into details before the details of the deal became more clear.

The bid comes at a time of reorganisation in the US book publishing industry. With earnings from US publishing growing strongly and the dollar weakening against overseas currencies, US publishers have become increasingly attractive to foreign companies seeking to increase their strength in the main English-speaking market.

Last year, Bertlesmann of West Germany paid $475m for Doubleday and earlier this year Mr Rupert Murdoch's News Corp., which owns a stake in the Glasgow publisher William Collins, outbid Harcourt in a $300m auction for Harper & Row, an important publisher of "trade" or general interest books.

Harcourt, which last year earned $70.5m on sales of $1.3bn, has been the subject of takeover speculation on Wall Street.

Under Mr Jovanovich, a coal-miner's son who has been chief executive for 30 years, the company diversified through acquisition into real estate, insurance and theme parks.

But last year, Mr Jovanovich signalled a return to the company's book publishing origins with the $500m cash purchase of the educational and professional publishing operations of CBS.

Iraqi missile strike on ship angers Reagan

BY STEWART FLEMING IN WASHINGTON AND ANDREW GOWERS IN LONDON

PRESIDENT Ronald Reagan yesterday reaffirmed his Administration's commitment to maintaining freedom of navigation in the Gulf and to bringing the Iran-Iraq war to a swift end after Sunday night's apparently inadvertent Iraqi missile attack on a US frigate in which 28 sailors died.

Mr Reagan issued a statement expressing anger and concern at the attack on USS Stark, one of seven warships making up the US Middle East Force in the Gulf, and said the US had protested to the Iraqi Government "in the strongest terms."

US officials said, however, that the Iraqis had already made clear their regret at the incident, which they said was a mistake. "There is nothing to change our original assessment that it was inadvertent," the White House said.

"The incident may be profoundly embarrassing for both Baghdad and Washington, which has been backing Iraq in the war despite a nominal position of neutrality, and could greatly complicate US efforts to rebuild credibility lost in the Middle East as a result of the Iran arms scandal in the US.

The Stark, which was hit in the electronics section by a French-made Exocet missile fired from a Mirage F-1 fighter bomber about 85 miles from Bahrain, was the first foreign warship to be hit in the Gulf war.

The attack represented the most serious incident in the strategically vital waterway since Iraq began attacking shipping in April 1984, and also caused the heaviest loss of US lives in the Middle East conflict since the bombing of the US embassy in Beirut in 1983, in which 241 US marines died.

Tension has been increasing sharply in the Gulf in recent weeks amid an escalation in attacks on third-party shipping by both Iraq and Iran.

Two Soviet merchant vessels have been hit during the last fortnight, by Iran. The quickening pace of attacks, particularly by Iran on vessels going to and from Kuwait, has prompted the Soviet Union to charter three tankers to Kuwait, and the US to agree to re-register up to 11 Kuwaiti vessels under its flag.

In Baghdad, the Foreign Ministry said Iraq was investigating the disaster but that it was not 100 per cent sure that Iraqi pilots were to blame.

Although US officials emphasised the seriousness with which the incident was being taken, they accepted that it was a mistake, and the Pentagon disclosed that an Awacs airborne early warning craft had been monitoring the Iraqi flight.

Officials said, however, they wanted a full and speedy investigation of how the incident happened.

Background, Page 4

Benedetti buys £62m stake in Pearson

By Alan Friedman in Milan

MR CARLO DE BENEDETTI, the Italian businessman, has paid about £62m ($104m) to purchase a 4.9 per cent share stake in Pearson, the British conglomerate which controls publishing, investment banking, china and energy interests.

Mr Corrado Passera, a senior aide to Mr De Benedetti, said in Milan last night that Cerus, the De Benedetti holding company in Paris, had acquired most of the shares held previously by Union Faith, an associate of Hutchison Whampoa, the Hong Kong trading group. The purchase was handled through Warburg Securities.

Mr Passera said that Mr De Benedetti, who was in New York yesterday, had informed both Lord Blakenham, Pearson chairman, and Mr Michel David-Weill, senior partner at investment bankers Lazard Freres who owns 8.6 per cent of Pearson shares, that the investment was "friendly and long-term".

"This is a friendly move. We are happy with the Pearson management. We are happy with the board. We are proud of being part of a distingushed group of shareholders," Mr Passera explained, he added that there were "no plans for a hostile takeover bid – our intention is precisely the opposite". Pearson shares closed unchanged last night at 625p.

The De Benedetti aide said there were three reasons for buying the stake. The first was that "we think Pearson is a good investment, a good company which is in the right industries". The second reason was that the Pearson investment fitted in with the De Benedetti group's strategy of increasing its international presence. It has already expanded in Continental Europe and has formed holding companies in France, Switzerland and Spain.

The third reason for the Pearson share purchase was that Mr De Benedetti was interested in the information, publishing and financial services businesses. "It is hard to find anything better or more significant than Pearson holdings such as the Financial Times, The Economist and Lazards," Mr Passera added.

Mr De Benedetti, best known internationally as the chairman of Olivetti, the office automation group, controls a diversified industrial and financial empire – Cofide – which has control of companies in the information technology, foods, car component and financial services industries.

Cofide has either majority or management control of companies

Continued on Page 24

Background, Page 2

EC Commission considers new plan to curb steel production

BY WILLIAM DAWKINS IN BRUSSELS

THE European Commission is working on the outlines of a new steel closure plan, following the collapse of attempts by the major European Community steelmakers to agree adequate voluntary capacity cuts.

The fresh options being considered by Commission officials are believed to include the continuation of output controls for some flat products, the introduction of state closure aid (almost all steel aid has been banned for two years) and Community spending to help regions hit by shutdowns.

Eurofer, the group of integrated steel producers, last week told the Brussels authorities that it could see no reasonable change of getting an accord among its 22 members on closing the 25m to 30m tonnes of capacity which the Commission believes is needed to bring supply in line with demand.

A letter from Mr Bob Scholey, Eurofer's president, to Mr Karl-Heinz Narjes, the Industry Commissioner, says it is now time for the Council of Ministers to take the initiative. Eurofer was hoping to produce enough voluntary cuts to persuade the Commission to defer for three years its plans to run down the system of output controls which has helped support steel prices since 1980.

The fresh options now being drawn up by Commission officials are believed to include the continuation of output controls for some flat products, the introduction of state closure aid (almost all steel aid has been banned for two years) and EC spending to help regions hit by shutdowns.

Tomorrow's weekly meeting of the full 17-man Commission will try to decide on rough outline proposals to get soundings from member states at a meeting of industry ministers on June 1, with the aim of forming a final plan by mid-June.

Formally, the Commission wants to scrap all steel quotas by the end of this year on the grounds that the industry is now healthy enough to do without such support, though it has hinted that it might prolong controls in other areas – like hot-rolled coil – where demand is particularly weak.

Industry officials said yesterday that the Commission's proposals are expected to include the almost 15.3m tonnes of capacity cuts so far agreed by Eurofer. But they said it was unlikely that the Commission would try to suggest where any further cuts might fall, rather that it would confine itself to laying down conditions to make it easier for steelmakers to produce more closures.

The Eurofer plan broke down because companies could not agree where to cut hot-rolled coil capacity, the key area where overcapacity is heaviest but hardest to close because it includes the largest state-owned mills in Europe, mostly in Britain, Italy, France and West Germany.

Cynical observers point out that Eurofer's latest move has successfully deferred for a little longer a final decision on quotas. However, Eurofer argues that it cannot make cuts in hot-rolled coil production without the support of member states and hence the consent of those mills' public owners.

CONTENTS

LEANING TOWARDS A LIBERAL LINE ON DEFENCE

West German leader Helmut Kohl: post-election pressure may produce a compromise, Page 24

UK pushes Bonn on missile compromise

By David Marsh in Bonn

THE DECISION by the British Government in favour of eliminating all categories of medium-range nuclear missiles from Europe has played an important part in forcing a move towards compromise over the issue in Bonn.

Mrs Margaret Thatcher, the British Prime Minister, wrote to Mr Helmut Kohl on April 30 underlining that the UK had swung into line behind the US in accepting the Soviet Union's proposals for a so-called "double-zero option" in dismantling both long-range and short-range intermediate nuclear forces (INF).

The letter was leaked in the West German press last week on the same day that Britain, through a Foreign Office statement in London, formally declared its hand on the INF question.

Sir Jullian Bullard, the British ambassador to Bonn, has played a curious if somewhat unwitting role in the gradual squeeze being put on the West Germans to come into line behind the general Nato position welcoming the double-zero option.

In an interview with the Freiburg-based local newspaper Badische Zeitung last week, Sir Julian spoke out against over the latest Soviet disarmament proposals.

This was interpreted by some West German newspapers as part of a carefully worked out British pincer movement to strangle Bonn's opposition to the double-zero plan.

ITALIAN ENTREPRENEUR EXPANDS HIS EMPIRE

Carlo goes to Britain

BY ALAN FRIEDMAN IN MILAN

MR CARLO DE BENEDETTI, is very ambitious. He is also extremely successful in most, but not all, of the things he turns his hand to.

In the past two years, he has put together a European business empire which last year had L12,000 bn ($9.4 bn) of combined turnover, a conglomerate (a word he dislikes) which has interests in office automation starting with Olivetti, a string of food companies led by Buitoni, a car components concern headed by Valeo of France, an engineering machinery group of companies and a financial services concern which includes insurance, investment banking and unit trusts.

For the 51-year-old Piedmont-born Mr De Benedetti, the empire building came several years after he took the helm of the ailing Olivetti office equipment group (in 1978), where by 1984 he had engineered one of the biggest turnarounds in European corporate history, complete with a major alliance in the personal computer field with American Telephone and Telegraph.

Starting in Italy, then launching holding vehicles in France, Switzerland and Spain, Mr De Benedetti has finally crossed the English Channel, yesterday unveiling his purchase of a 4.9 per cent equity stake in Pearson, the conglomerate which has among its various holdings the Financial Times, Penguin Books and a share in Lazards, the merchant bank.

The dazzling speed with which the maverick Italian entrepreneur has been making acquisitions over the past few years has led many a banker, broker or institutional investor to first acclaim the man and then become slightly confused. What is the logic? What is the goal? What makes Carlo run?

The idea, according to Mr De Benedetti, is to create a well defined industrial and financial group, headed by Cofide, the master holding company of which he owns 51 per cent and which has as minority shareholders an underwriting group par excellence including S. G. Warburg, Nomura, Shearson Lehman, Indosuez, Lombard, Odier, Dreyfus, Mediobanca and Comptrol.

The Reason why this logic (information technology, foods, car components and financial services) ocassionally seems to falter is that Mr De Benedetti sometimes finds its hard to resist a good old fashioned financial deal. His acquisition of 37 per cent of Yves Saint Laurent is one such example.

He does not always seek to control companies, however, and is perfectly willing to make purely financial investments if he thinks the payback will be worth the effort.

The polyglot (fluent French, English and German) and charming Mr De Benedetti, who often looks and sounds like a Wall Street investment banker, is the man generally reckoned to have pioneered the use of the Italian stockmarket as a source of corporate finance. His classic formula is to buy an ailing or asset-cheap company, make a rights issue and use the capital to restructure or eliminate the company's debt burden, reduce the size of the workforce if necessary, modernise plant and equipment and then market the product heavily. It usually works.

In Italy the urbane Olivetti chief is one of three nationally famous capitalists – the other are Fiat's Mr Gianni Agnelli and more recently Mr Raul Gardini, who heads Ferruzzi agro-industrial concern.

Mr De Benedetti can be very aggressive in his dealings, but he prefers to agree a company takeover in advance and then announce, it rather than engaging in a hostile bid. Things not always work out neatly, however, as the difficult takeover of managment control (via a minority shareholding) of Valeo in France showed. The attempt to secure control of Presses de la Cité', a French publishing concern, did not work out at all in the end and was turned into a financial deal.

In Italy, his publishing interests include important minority stakes in Mondadori and the L'Espresso group of magazines and newspapers. Although one would not expect La Repubblica (part of L'Espresso) to ever publish an unflattering article about him, Mr De Benedetti on past form is not an interfering shareholder in publishing companies.

Publishing is obviously important to him, but one suspects he likes taking shareholdings in this sector because of its links with information technology, its prospective with the use of advanced technology and less tangibly, the prestige attached to the business.

US must negotiate on bases in Greece

GREEK Foreign Minister Karolos Papoulias said yesterday it was up to the US to request fresh talks on the future of American military bases in Greece, Reuter reports from Athens.

The negotiations should concern the future of US bases after 1988, when the present agreement expires, and should start from scratch, the minister said in a speech to the American-Hellenic Chamber of Commerce.

The US maintains four major and about 20 minor military installations in Greece in return for 500 million dollars in credits.

Mr Papoulias' statement reflected similar comments by Prime Minister Andreas Papandreou earlier this year that Washington could take the initiative and ask Greece for new negotiations.

Mr Papoulias said that although efforts to improve Greek–US relations were "proceeding positively," problems still arose.

One example was a 1985 "travel advisory" by President Reagan for Americans to avoid Athens airport after the hijacking of a US airliner.

The advisory, lifted after airport security improved, cost Greece about $300m in lost tourist revenue.

Mr Papoulias said another setback in ties arose from statements by Mr Caspar Weinberger, the US Defence Secretary, earlier this year that Turkey could station US-made weapons in occupied northern Cyprus since they were defensive in nature.

Communist Party in France picks hardliner

By Paul Betts in Paris

MR ANDRE LAJOINIE was consecrated yesterday as the French Communist Party's candidate for the presidential election next year by Mr Georges Marchais, the troubled party's secretary-general.

Mr Lajoinie, president of the Communist parliamentary group in the National Assembly, had long been tipped as the party's most likely candidate, Mr Marchais having announced he would not stand again.

By turning to Mr Lajoinie, the party leaders have clearly opted for a policy of no compromise with the reformist members of the party, who have been campaigning for radical changes to modernise it. Mr Lajoining, 58, has long been seen siding with the traditional hardline Marxists among the senior cadres.

The party's share of the national vote has been in decline.

His nomination to the candidacy was regarded by many political observers as a poisoned gift, in that most political forecasts expect the Communists to lose further ground next year.

The party has declined to barely 10 per cent of the vote—about equivalent to the support for the extreme-right National Front.

This decline has provoked increasing turmoil in the party, giving rise to a growing dissident reformist faction known as the *renovateurs*, who have openly criticised the old hardline leaders. The reformists have urged the party to adopt a more progressive approach and a more democratic internal party structure to help the Communists recover some electoral ground.

Mr Pierre Juquin, one of the reformist leaders, appealed in a letter to the Communist central committee yesterday for a presidential candidate who would represent an "overture" for the party in its current difficulties.

Instead, Mr Marchais, as expected, confirmed Mr Lajoinie yesterday as the unanimous choice of the party's political bureau. This nomination must be rubber-stamped by the central committee this week and by a Communist conference next month.

Soviet workers say reforms are ineffective

BY PATRICK COCKBURN IN MOSCOW

MOST SOVIET industrial workers say that the economic reforms carried out by Mr Mikhail Gorbachev, the Soviet leader, have so far had little effect on their lives, according to the most extensive opinion poll on the topic yet carried out in the Soviet Union.

Out of 6,000 people interviewed in industrial plants in Moscow, one in five managers said *perestroika* (the Soviet catchword for reorganisation) is going well in their enterprises, but not a single shop floor foreman agreed. Half of the foremen said *perestroika* had no impact and the rest said it was complicated and difficult to implement.

The opinion poll was carried out in 120 different enterprises across the Soviet Union by the USSR Institute of Sociological Research since the start of the year and the results show that economic reform has so far had little impact on the factory floor.

This is not entirely surprising since the most important economic reforms contemplated by the Government are either still in draft form, such as the state enterprise law which will change the economic organisation of all enterprises, or recently introduced such as the law on individual labour which came into force on May 1. A meeting on the economy of the Communist Party's 307-member central committee in June will be crucial for the future of reform.

"The worker's job has not yet undergone any radical change in character, organisation or pay," according to Professor Vilen Ivanov, the head of the Institute of Sociological Research. "The consumer market is the same as before. Moreover, the production growth rates for consumer goods were lower last year than in 1985."

More than half of engineers in 500 factories in Moscow said there was now a heavier work load than before. This is probably because tighter discipline on the work force introduced since 1982 which links bonuses more tightly to productivity and seeks to penalise poor quality workers.

Some workers are also clearly being hit by a new central quality control organisation called Gospriomka, which started operating at the beginning of 1987.

An aim of economic reform is to link increases in productivity with wage rises but 40 per cent of workers in engineering and metal working factories in the central Asian republic of Kazakhstan say they want the wage system to stay as it is. A quarter also said that widespread publicity given to shortcomings and difficulties does more harm than good.

Inadequate wage differentials between skilled and unskilled workers which narrowed during the 1950s and 1960s is also blamed for poor productivity and low levels of expertise and technology.

Senior Soviet economists believe that it will be 1990 before the reforms now contemplated have a major impact on the economy.

Settlement ends West German bank pay dispute

BY HAIG SIMONIAN IN FRANKFURT

THE LAST major industrial relations hurdle in this year's West German pay-round was cleared at the weekend with an agreement between representativs of the country's banks and a trade union team.

The two sides agreed on a 3.6 per cent wage increase, backdated to March 1, followed by an extra 0.2 per cent from June 1.

The deal, which will run until next March, also includes a one-off payment of DM 75 (£25) to the 380,000 workers in the banks as well as the right to earlier retirement.

The "summit talks," held in Kasel, had been called after negotiations between the two sides broke down on April 23.

The two unions involved, the Deutsche Angestellten-Gewerkschaft and the Gewerkschaft Handel, Banken und Versicherung, rejected a unilateral 3.6 per cent pay offer from the employers, linked to greater flexibility in working hours and extended opening, and called a series of strike ballots

Both sides now seem to have given some way in reaching a deal.

Fresh twist in census row

BY DAVID MARSH IN BONN

IN THE latest twist in controversy over West Germany's national census, the Bonn government has sharply criticised insurance companies' readiness to pay legal costs for people who boycott the headcount.

A legal and political tussle over the census, due to be carried out nationally on May 25, has already been building up in intensity for several weeks.

The Greens' ecology party has laid itself open to police action by calling for a country-wide boycott on the grounds that detailed computerised information gathered on individuals could be misused by the authorities.

The Government has responded with a massive advertising campaign in which leading figures from Mr Richard Weiszaecker, the federal president, downwards are exhorting West Germans to do their civic duty by filling in the forms.

Around 20,000 people demonstrated against the census in German cities at the weekend, while several public employees distributing census forms have been attacked on the streets.

In the latest development, Mr Hans Engelhard, the Justice Minister, said insurance companies would be abetting lawbreakers if they paid out legal costs of people prosecuted for refusing to fill in census forms.

German citizens with insurance policies providing legal aid will be authorised to claim boycott case costs, according to a spokesman for the industry's association.

However, this would not cover fines of up to DM 10,000 which may be levied on census boycotters, as well as heavier penalties which could be dealt out to those who commit criminal action — a category of offence which starts off with the act of tearing up census papers.

OBITUARY

Myrdal–radical intellectual

Mr Gunnar Myrdal, who used his background in Sweden's welfare state to write classic works about the poor in America and in developing countries, has died at the age of 88, AP reports from Sweden.

Mr Myrdal shared the 1974 Nobel prize in economics. He was the widower of Mrs Alva Myrdal, a Nobel peace laureate. Mr Myrdal died naturally of old age on Sunday. He was a leading radical intellectual, who helped changed fixed ideas in many fields.

He became Minister of Labour in 1945 and left Swedish politics in 1947 to begin a 10-year period as head of the UN Economic Commission for Europe. In 1957 he started 10 years of research on Asia and produced one of his central works, Asian Drama, published in 1968. In it he discussed problems of economic development in Asia

EC farm ministers study Belgian cereals proposal

BY TIM DICKSON IN BRUSSELS

EUROPE'S AGRICULTURE ministers were last night studying a Belgian proposal to cut back support for the Community's cereal farmers.

The new plan—put forward yesterday in a paper by Mr Paul de Keersmaeker, Belgium's Farm Minister, with help from the European Commission—would freeze the EC's guaranteed prices at their current level but limit so-called intervention purchases under certain market conditions.

The idea was widely interpreted as a shrewd opening move by the Belgian presidency to appease West Germany, whose agriculture minister, Mr Ignaz Kiechle, has reacted angrily to the Commission's original suggestion of price cuts for most cereals and a limitation of intervention purchases to just four months of the year.

Under the Belgian scheme, which Community officials say would form the basis of a formal compromise later in the week, intervention stores would be open from October to May.

The system, however, would only be triggered if the average Community market price falls below the intervention price. The "buying in" price in this case would be equal to 93 per cent of the intervention price, though so-called monthly increments would boost the final return.

Besides the new regime for cereals, Mr de Keersmaeker has suggested important modifications to the Commission's proposed reform of the agri-monetary system, which may also allow Mr Kiechle to save face. These would involve a return to the pre-1984 arrangement when both positive monetary compensatory amounts—taxes on agricultural imports into strong currency countries like Germany and subsidies for their exports—and negative MCAs (the opposite) were created.

These monetary adjustments, however, would only be dismantled in a "semi-automatic" way (in practice in two stages) so as to limit the impact of the accompanying reduction in D-Mark prices for West German farmers.

Paris committee proposes FFr 15bn emergency tax

BY GEORGE GRAHAM IN PARIS

AN EMERGENCY tax to bring in FFr 15bn (£1.5bn) has been proposed as a stop-gap measure to meet the deficit in France's social security budget.

An advisory committee set up by the Government said yesterday the emergency levy should be imposed on all taxable incomes, not just on salaries, which form the basis for most French social security contributions.

Government ministers will meet tomorrow morning to discuss the committee's proposals and decide what to do about the social security deficit.

The committee also demanded an immediate ban on advertising for alcoholic drinks and tobacco, and a significant increase in the prices of these products, which it said were among the lowest in the industrialised world. Extra revenue raised from tobacco and alcohol should go to the social security, it said.

France's social security system is expected to record a deficit of FFr 24bn this year, but money carried forward means that only FFr 15bn needs to be found urgently to balance its books.

The proposal of the committee of wise men, including Mr Pierre Laroque, viewed as the founder of the social security system, is therefore a temporary measure which will not fill the FFr 40bn hole expected for 1988.

More far-reaching structural reforms of the system will therefore have to be undertaken by the national conventions which Mr Jacques Chirac, the Prime Minister, has called for the summer and autumn.

The Government hopes to establish a consensus on the reforms needed, and so to avoid the almost inevitable opprobrium which is heaped on anyone trying to touch France's cherished social security rights.

Mr Edouard Balladur, the Finance Minister, has been unwilling to contemplate an increase in general tax rates to finance the social security deficit, since this undoes his policy of cutting government spending and reducing income taxes.

Hugh Carnegy follows the EC referendum debate in Ireland

Single act campaign stirs deep emotions

MR CHARLES HAUGHEY, the Irish Prime Minister, warns of economic disaster, Mr Alan Dukes, the leader of the opposition, of economic catastrophe. Mr Brian Lenihan, the Foreign Minister, talks of "an act of national madness," Dr Garret Fitzgerald, the previous Prime Minister, of "an act of collective suicide."

What is arousing such alarm in Ireland? The answer is the EEC's single European act which will be put to a referendum a week today.

The predominantly pro-Europe establishment politicians are worried that a combination of confusion over what the act is and a well-organised "anti" campaign might lead to the act being rejected.

In the absence of any opinion polls it is hard to judge what the result may be. Most commentators see acceptance as the likeliest outcome. But fear of defeat has prompted the Fianna Fail government and the main opposition parties, Fine Gael and the Progressive Democrats, to step up their argument that rejection would mean Ireland turning its back on the European Community, threatening dangerous isolation at a time of acute economic difficulties at home.

The act, intended to strengthen the Community economically and politically, was supposed to take effect on January 1 this year when all but Ireland had ratified. Last month, by a 3-2 majority, the Irish Supreme Court ruled that title 3 of the act, the part covering foreign policy, contravened the constitution and a referendum was therefore required.


Haughey—dire warnings

For Mr Haughey it could hardly have come at a worse time. He had just returned to office and needs all his Government's energies to implement a stringent and unpopular budget to get the economy back on the rails.

His position at the head of the campaign in favour of the act was also undermined somewhat by the reservations he himself expressed about it while in opposition, reservations still held by many in the party.

Fianna Fail's change of emphasis—seized on as a spectacular U-turn by opponents of the act—has fuelled the "no" campaign. Those seeking a rejection include senior trade unionists, left-wing politicians including Sinn Fein, the political wing of the IRA, some church figures and "moral majority"-type groups, anti-nuclear groups

They argue that the act, by binding Community states closer on foreign policy, will compromise Ireland's unique position in the EEC of neutrality. They say the Act's economic provisions will weaken peripheral nations such as Ireland. They also argue that Ireland's social legislation, such as laws against abortion and divorce, could be compromised by Community laws.

All these issues strike a strong chord in Ireland. The pro-act campaign has therefore stressed that it is framed deliberately to safeguard Irish neutrality, includes a formal comitment to give added support to weaker regions, favours an exporting country like Ireland and includes no possible threat to "fundamental rights."

FINANCIAL TIMES
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: R. A. Harper, Frankfurt/Main. Guiollettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1987.
FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

World population set to pass 5bn this year

BY WILLIAM DULLFORCE IN GENEVA

THE EARTH'S population will pass the 5bn mark sometime in the middle of this year, according to the State of the World Population report published yesterday by the UN Food for Population Activities.

Just before the 4bn milepost was reached in 1974, the Club of Rome's report, the Limits of Growth, painted a grim portrait of a planet, pillaged of its natural resources by teeming mankind, racing towards food and energy crises.

With an extra 1bn human beings 13 years later, the modest 16-page UN report abandons scaremongering for a more sophisticated approach. After the "green revolution" there is little doubt that the Earth can feed its people.

One in six of them still does not eat enough to sustain an active working life but with 453m tonnes of wheat, rice and other grains stocked around the world and farmers in the US and Europe being paid not to grow food, the situation is now rather seem as a shocking indictment of international economic and political organisation.

It took mankind up to the 19th century to reach the 1bn mark, slightly more than a century for the second billion and less than half a century for the third.

Since then the billions have followed at intervals of less than 13 years. Six billion will come before the end of the century but demographers expect the interval to widen after 8bn is reached in 2022. Under these simple projections growth will halt about a century from now at a world population of about 10bn.

But the overall picture hides stark regional differences and potential dangers. Nine out of 10 children today are born in a developing country.

In the Third World the current growth rate is more than three times as high as in Europe and the US and already more than three-quarters of mankind live in developing countries.

Asia passed the 1bn mark before 1950; its population is likely to exceed 4bn before 2020. Europe, including the Soviet Union, passed the 500m mark before 1950 but will probably never reach 1bn.

Africa provides the most dramatic and alarming figures. *In 1950 its population was about* half that of Europe. Before 2050 it will be almost three times as large. *The current* growth rate in sub-Saharan Africa, where drought and *famine exact their severest toll,* will double its population in 22 years.

The UN fund discusses some misconceptions, one being that population pressure promotes *economic growth by stimulating* innovation. No trace of dynamic agricultural innovation is to be found in the rice paddies of the Ganges basin, the grain fields of the Nile delta or the inter-Andean valles of South America.

A comparison of Brazil and Japan punctures the contention that population growth is economically neutral, not affecting development for good or ill. In the quarter century to 1985 Brazil averaged 5-10 per cent growth a year in Gross National Product but ended up with a GNP per capita of only $2,000.

Japan, by contrast, with a similar GNP growth rate now has a GNP of about $16,000 per person. The Brazilians' much higher fertility gobbled up the fruits of their economic expansion, leaving less for investment.

Patrick Blum assesses Bucharest's policies in the run up to the visit by the Soviet leader

Maverick Romania fixes on austerity, not reform

AS ROMANIA prepares for the visit later this month of Mr Mikhail Gorbachev, the Soviet leader, the authorities in Bucharest remain steadfast in their opposition to political reforms.

"We have had reforms before but for our present stage of development a centralised system is best," says one government official. "We are not talking about centralisation or decentralisation but about what targets we are trying to fulfill," says an economist.

For the Romanian Communist leadership under Mr Nicolae Ceausesou the over-riding priority is to repay all the country's foreign debt as quickly as possible whatever the costs. To that effect the Government has curtailed imports drastically, introduced sweeping measures to cut down energy consumption and imposed a strict austerity policy which has depressed living standards to below levels in neighbouring Bulgaria and Hungary.

The population has borne the brunt of this strategy. Workers and managers have faced unexpected pay cuts of 50 per cent or more for failing to meet targets. A western businessman says that during the unusually cold winter months homes, offices and factories were barely heated. People worked in their overcoats while shoes soaked through with rain and snow would not properly dry for weeks.

Food was scarce: less than a month ago the choice of fresh vegetables available in one of Bucharest's main markets was still limited to potatoes, one root vegetable, onions and stinging nettles for soup. Sad-looking apples were the only fruit on sale and even in the luxury hotels citrus fruit were unavailable and milk was rationed. Outside shops queues 50 metres long formed for basic items such as ersatz coffee.

Conditions were generally better in the countryside where people are able to grow vegetables, raise a few chickens or pigs and resort to barter to cover other needs, although shortages of flour have meant no bread for months in some outlying villages.

To sustain such a course the authorities have had to enforce strict political orthodoxy. There *is no talk of glasnost* (openness) in Bucharest and a favourite response is that the *Soviet Union is only now catch*ing up with reforms long ago carried out in Romania, although one lone official provided a more candid explanation: "We have so many problems that it is hardly the time to start to experiment," he said.

Mr Ceausescu has rejected market-oriented reforms and decentralisation as capitalism in disguise. The Romanian leader's orthodox stand on these issues contrasts sharply with developments elsewhere in the Comecon and local observers believe that Mr Gorbachev will

Ceausescu—doing it his way

Gorbachev—uneasy visit

find his visit, the last in a series to the Soviet Union's allies, his most difficult yet. "This regime must be an embarassment to the Soviet leadership. There is nothing attractive about it and they are not likely to get much from the visit," a Western diplomat says.

For the past 22 years under Mr Ceausescu Romania has pursued a maverick foreign policy which has often put it at odds with Moscow. A member of the Warsaw Pact, Romania does not allow foreign troops on its soil and it does not participate in pact manoeuvres elsewhere. Bucharest has repeatedly taken independent foreign policy initiatives and refused to follow its allies on key issues.

Alone in Eastern Europe, it refused to break diplomatic relations with Israel after the 1967 Arab-Israeli war. It is still the only Warsaw Pact state enjoying diplomatic relations with Israel, a fact that has helped it maintain good relations with the US and support in Washington for its most favoured trading nation status.

Nevertheless, the economic pressures at home and growing Western criticisms over human *rights are encouraging closer* ties with Moscow. Trade with the Soviet Union has increased *sharply in recent years,* rising by 25 per cent alone in 1986 to $7.9bn. It is expected to rise by 10-12 per cent this year. The Soviet Union has become Romania's largest single source of energy imports, with Soviet oil deliveries trebling in 1986 to 6.3m tonnes.

According to Soviet diplomats in Bucharest, discussions are under way about specific projects for direct co-operation between Romanian and Soviet enterprises. Joint ventures, more favoured by the Romanians, may also be considered in the longer term. In return the Soviet Union wants improvements in the quality and reliability of Romanian deliveries

Romania's economy has been badly hit by unusually harsh weather conditions and a prolonged drought. This winter transport was seriously disrupted—the new Black Sea canal was frozen over for 40 days, making navigation impossible—and there were widespread energy shortages. Low water levels on the Danube crippled hydro-electric power plants, coal froze, oil, gas and electricity were strictly rationed to keep essential supplies and key industries running.

These difficulties were exacerbated by the Government's own strategy of curbing imports and expenditure to speed up debt repayments. The net foreign debt estimated at *$5.8bn at the end of 1986* has been almost halved since 1981 and accelerated repayments are set to continue this year.

Mr Ceausescu has suggested that mismanagement and corruption were also to blame for the country's economic woes. "Indiscipline, disorder and a lack of responsibility" were *major reasons for the poor per*formance of some industrial branches, he said.

Romanian exports fell by 11 per cent last year and officials say that the foreign trade surplus in hard currency dropped to about $2bn compared with $2.5bn in 1985 and $3.1bn in 1984.

These attribute the decline in exports to financial difficulties in traditional Third World markets, to protectionism in Western Europe and North America, to tougher competition from the Far East and to the decline in oil prices. Romania's petrochemicals industry operated at well below its 34m tonnes installed capacity because of a shortage of oil. The sharp fall in prices for some petrochemical products also made production uneconomical.

The lack of reliable statistics makes any assessment of the economy difficult and Western estimates vary from the catastrophic to the cautiously positive. On the face of it the economy seems in disarray but Western businessmen *say that* despite serious problems industrial activity remains high at *least in some branches.*

One Western banker thought that the Government's strategy might pay off, although at considerable human and social costs. Romanian officials reluctantly admit that the evident hardships are partly the result of the Government's determination to "liquidate" the country's debt within the next two to three years, but they insist that the strategy will be pursued until that goal is achieved. Only then, they say, will it be possible to ease up on the austerity policy.

Denmark sees improvement in current account

By Hilary Barnes in Copenhagen

DENMARK'S first quarter external current account deficit showed a sharp reduction, falling to Kr 3.4bn(US$305m) from Kr 8bn in the same quarter last year.

The deficit for the whole of last year reached a record Kr 34.5bn, a factor in the reduction in Denmark's credit rating by Standard Poor's the US rating agency, in March to AA.

The news of the lower first quarter deficit was welcomed by the bond market, which marked prices up by half a point.

The improvement was caused by a reduction in merchandise imports from Kr 45bn last year to Kr 40.4bn, while exports slipped slightly from Kr 42.9bn to Kr 42.5bn.

The decline in imports reflects a fall in private consumption which set in late last year following government measures to curb demand.

These measures are hitting domestic demand so hard that a reduction of about 1 per cent is expected in the gross domestic product this year.

Moscow likely to bar Papal visit

By Christopher Bobinski in Warsaw

THE SOVIET authorities are ready to admit a papal delegate to ceremonies commemorating the 600th anniversary of Christianity in Lithuania next month, according to Polityka, the Polish communist weekly. However, Moscow will continue to bar the Pope himself both this year and in 1988, the millenium of the Christian faith in Russia.

The anniversaries have long been seen by the Vatican as an opportunity for a papal visit to the Soviet Union which would attempt to alleviate the plight of Roman Catholics there as well as improve relations with the Russian Orthodox Church.

The paper quotes a Soviet Lithuanian religious affairs official as saying "In my view the Pope won't be coming" for the celebrations which start in Wilno on June 28. "But we would regard a papal delegate in a different light," the paper quotes a Soviet Lithuanian religious affairs official as saying.

OVERSEAS NEWS

Deng criticises over-staffing in government

DENG XIAOPING, the Chinese leader, said in speeches published yesterday that the Government was grossly overstaffed at all levels and had to become more efficient for China to catch up with the remainder of the world, Reuter reports from Peking.

But he said the leadership of the Communist Party would remain "unshakeable" despite planned political reforms.

Mr Deng's comments were contained in excerpts published in the official Peking Review of speeches and remarks made over the past year in which he stressed the importance of reforming the political structure, which, he said, did not meet the needs of economic reforms.

"The purpose of the reform of the political structure is...to eliminate bureaucracy and stimulate the enthusiasm of the people and the grass roots," he said.

"The leading bodies at all levels are unwieldy and overstaffed. The extra hands look for something to do. The worst consequence of this is debilitating delays, slowness in making policy decisions and ineffective problem-solving, hampering any effort to motivate the lower levels," he said.

The press published many articles about political reform last year, but has written much less about it this year after student protests in December for more democracy and freedom.

The authorities responded to the protests with a drive against Western political ideas. Party chief Hu Yaobang, a Deng protegé who had led a reform of the party, was removed from office for having failed to deal with the protests firmly enough.

Mr Deng said one major aspect of political reform, to be presented at a major congress of the Communist Party in October, was to separate the party from government, but "the party's leadership is unshakeable."

A Chinese journalist said that Westerners misunderstood the meaning of political reform in China. "It does not mean setting up of opposition parties or any dilution of party power, but making the government more efficient."

Mr Deng said that China must improve its efficiency.

"Humanity, science and technology progress at a tremendous pace. If we lag one year behind, we will find it hard to catch up," he said.

Mr Deng said Western political models should not be copied mechanically. "Our former system of leadership had its own advantages: decisions could be made quickly. The system of checks and balances, if overstressed, may entail problems."

Nightmare of a wider Gulf war edges a step nearer

Andrew Gowers reports on Sunday's Iraqi attack on a US warship

ONE OF the recurring nightmares conjured up by the six-and-a-half-year-old Gulf war came true late on Sunday night.

The apparently mistaken Iraqi attack on a US warship in the Gulf, in which 28 American seamen lost their lives, highlighted a danger that has been latent since the war began—that the regional conflict might spill on to a wider stage, despite studious efforts to contain it by countries not directly involved.

The US guided-missile frigate Stark, one of seven US warships in the Gulf, was being towed into Bahrain yesterday afternoon after being crippled by a French-made Exocet fired from an Iraqi Mirage F-1 fighter-bomber. It was the first foreign warship to be hit in the Gulf since Iraq intiated attacks on shipping in the waterway in April 1984.

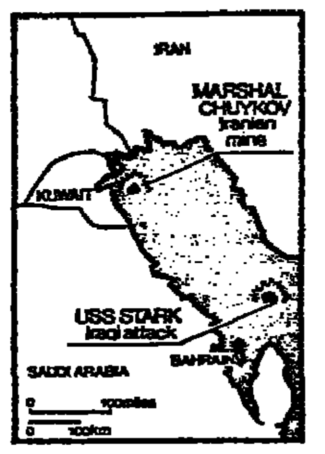
Nor is it an isolated incident; it follows a dramatic increase in harassment of third-party Gulf shipping by both sides in the last year or so. In the past fortnight, Soviet merchant vessels have also been involved for the first time. Nearly two weeks ago, the freighter Ivan Koroteyev was hit by rocket and machine-gun fire from a speedboat and at the weekend the tanker Marshal Chuykov was damaged by a mine off the Kuwaiti coast. Both attacks have been blamed on Iran.

Yet there was a macabre—and for the US potentially embarrassing — paradox about Sunday's attack. It occurred at a time when the Reagan Administration — far from expecting hostile action from the Iraqi airforce—had been focusing its attention on the increasing dangers posed to Gulf shipping by Iraq's enemy Iran.

What is more, it came as both superpowers were in any case inexorably being drawn into more direct involvement in the Gulf conflict on the side of Iraq and its allies. This has long been a goal of the Iraqis, who have repeatedly attempted to goad the Iranians into "internationalising" the conflict.

Both the US and the Soviet Union are nominally neutral in the war—although Washington has for some time been providing Iraq with intelligence information and Moscow is by far Iraq's biggest arms supplier.

Yet in recent months their stance has tilted much more obviously and publicly against Iran. The Reagan Administration has been going out of its



way to ingratiate itself with its Arab Gulf allies following the Irangate fiasco, and is making renewed efforts to cut off Tehran's weapons supply. Mr Richard Murphy, assistant secretary of state, has been to Baghdad and the Gulf in the last 10 days in an attempt to restore American credibility.

The Soviet Union has also been making new friends among the Gulf states which support Iraq. In April Mr Vladimir Petrovsky, Moscow's deputy foreign minister, put in a high-profile appearance in Iraq, and became the highest-ranking Soviet official to visit Gulf states such as the United Arab Emirates and Oman in memory.

Washington and Moscow have shared a heightened sense of concern about the Gulf war since Iran's successes in 1986. The US has also been sounding the alarm in recent months about Iranian threats to freedom of navigation, which the US is pledged to maintain.

It says the threat has been increased by Iran's installation of Chinese-built Silkworm missiles near the all-important Strait of Hormuz and by a new flotilla of Swedish-manufactured fast boats which Iran's Revolutionary Guards are deploying from five bases in the Gulf.

Both superpowers are being sucked into the shipping war by arrangements they are making to protect ships sailing to and from Kuwait, a key financial backer of Iraq and the most vulnerable of the Gulf states.

Several weeks ago, following an upsurge of Iranian attacks on such shipping, Moscow agreed to charter three oil tankers to Kuwait with an at least implicit assurance of Soviet naval protection in order to deter Iranian attacks. Washington in turn has agreed in principle to transfer up to 11 of Kuwait's 22 tankers to the US flag.

Tehran's mounting displeasure with Washington and Moscow has been evident from a string of vitriolic attacks on both by Iranian leaders; President Ali Khamanei even claimed a couple of weeks ago that the Soviet Union was colluding in a Western plot against Iran's Islamic revolution.

There has been speculation that Sunday's incident marked an attempt by Baghdad to capitalise on this trend by carrying out an attack which could be blamed on Iran, since it took place in an area where the Iranians have been known to attack ships, and where Iraqi hits have been less common.

Yet the site of the attack does apparently fall within the so-called "exclusion zone" in which Iraq aims to attack Iranian tankers shuttling crude oil from the disabled Kharg Island terminal to a recently-built loading terminal on Larak Island.

The Iraqis are also well aware that an Exocet could only come from them, and that the perpetrator of the attack would be clearly spotted on the radar screens of Saudi Arabia's Awacs early warning aircraft, which have American crew members.

It therefore seems more likely that the whole affair was a ghastly mistake. It would not be the first Iraqi "own goal" in the Gulf shipping war.

The Reagan Administration, at any rate, is clearly prepared to accept this explanation at face value.

Yet the incident seems bound to have broader political repercussions. Domestically it may well sharpen already vocal congressional opposition to the tanker deal with Kuwait on the grounds that the latter would expose American sailors to unnecessary risk. Internationally, it may lead to a redoubling of efforts to bring an end to the Gulf war.

The obstacles to such an enterprise remain as great as ever, though. Iran continues to reject all efforts at mediation, and to rattle its sabre against any intervention from outside. And whatever one says about Sunday's catastrophe, nobody believes that the recent Iranian attacks on Soviet vessels were mistakes.

Bank of Japan rejects early discount rate cut

BY PETER BRUCE IN TOKYO

THE Bank of Japan, the country's central bank, is rejecting outright any prospect of a cut in its discount rate following a sharp rise in money supply last month.

A senior bank official said yesterday he was "a bit shocked" by a 9.8 per cent rise in the broad measure of money supply in April, saying it was more than expected. The March increase was 9.3 per cent.

He said that while the central bank would continue to "fine tune" money markets in order to bring short-term rates down, "we don't have any intention of cutting the discount rate."

The Bank of Japan cut its discount rate to 2.5 per cent in February but it is thought the US Administration would like to see it even lower to make the dollar more attractive to Japanese investors.

Mr Yasuhiro Nakasone, Japan's Prime Minister told President Ronald Reagan in Washington in April that Tokyo would adjust interest rates downwards to help ease downward pressure on the dollar.

Since then the Bank of Japan has been nudging money market rates down and, at the same time, trying to mop up excess liquidity in Japan caused by its dollar support purchases through treasury bill auctions.

Although some increase in money supply had been expected last month, the broad measure (M2 plus certificates of deposit) is now growing 1.5 percentage points faster than it was at the beginning of the year.

It was impossible to set targets for short term rates, the official said, but the central bank was trying to make money "easy" to get at. By the end of March, short-term rates were averaging more than 3.5 per cent, which was "a higher than usual discrepancy" with the discount rate.

Observers in Tokyo say the central bank is also keen to make its own running with short-term rates to avoid domestic political pressure.

Mr Nakasone and Mr Reagan met after the US imposed 100 per cent punitive import tariffs on Japanese electronic products.

S African mine pay negotiations break down

By Jim Jones in Johannesburg

TWO DAYS of wage negotiations between South Africa's Chamber of Mines and the 250,000-strong all-black National Union of Mineworkers ended in deadlock and the declaration of a dispute by the union late on Sunday.

Talks foundered when the union rejected a chamber offer of a 12.5 per cent wage increase for black coal miners and increases ranging from 12.5 per cent to 17.9 per cent for gold miners. The union, which entered the wage negotiations calling for increases ranging from 40 to 55 per cent, declared a dispute saying it could not accept any differentiation between gold mine and colliery employees.

It also demanded that the mining industry should stop deducting tax from black workers' wages, which the chamber says it is legally unable to do. Labour experts in Johannesburg say the declaration of a dispute does not imply a strike by black miners. It forms part of the legally-defined collective bargaining procedure and is a necessary precedent for industrial action. They add that the NUM is likely to adhere meticulously to legal negotiating procedures particularly as black union leaders fear the Government is planning a further crack-down on the black union movement.

Chris Sherwell in Suva on the bizarre twists leading up to last night's understanding

Fijians endure a long day of puzzles

THE CLIMAX to yesterday's bizarre events — the apparent settlement between Fiji's governor general and leader of the coup — is likely to make interesting study for whose who professionally ponder the ways of states. They will be keen to discover whether the events will lead to a "Fijian solution" —this tiny island's state's own contribution to the practise of political change.

The day began with a big problem. In the early hours of the morning, those monitoring events had already been listening to their radios for several hours in the expectation of an announcement from Fiji's Governor General and the country's new military ruler.

Lt-Col Sitiveni Rabuka, the 38-year-old officer who seized power last Thursday, had obviously run into some difficulty with the Governor General, 69-year-old Ratu (or Chief) Sir Panaia Ganilau, who appeared determined not to allow the abrogation of the constitution.

Was a compromise in the wind, with Col Rabuka perhaps backing down? It seemed unlikely. Might the Governor General unbend? Hardly, given the backing of the judiciary for his position, the mounting protests at home, and the condemnation of the coup abroad.

In the event, no broadcast came. Yet it was becoming clear that the pressure on both men was building up impossibly. The job of governing the country was demanding unacceptably tougher action from Col Rabuka. The growing threat to life was intensely worrying to the Governor General.

At that point a report that the Governor General was about to swear in Col Rabuka as head of government still seemed utterly incredible. Over the next 18 hours, however, eyes blinked more than once as perceptions shifted 180 degrees.

In the morning the Chief Justice hinted that the apparently resolute Governor

> The job of governing the country was demanding unacceptably tougher action from Col Rabuka

General had needed his backbone stiffening. The implication was that this had been done.

Col Rabuka issued a statement proclaiming that business was being conducted normally, but it was impossible to find anyone in Suva, the capital, who thought life was normal. If anything, it was at its most tense since the first hours of the coup.

Though no one remarked on it Col Rabuka also declared: "It remains my intention to restore normalcy as quickly as possible, to return to civil democratic government."

The truly bizarre events of the day start unfolding in the afternoon and evening:

● At 3.45 pm and again at 4 pm, local radio stations which had been releasing only censored news broadcast an appeal for patience, calm and trust from the Governor General. After Col Rabuka's talk of calm earlier in the day, was this the previous night's joint announcement simply split in two? Nobody knew.

● At 5 pm and without warning, the station broadcast another, longer and far tougher statement to the nation by the Governor General. In a crucial passage, he said: "The regime has now agreed that I have the right to exercise the executive authority and urged me to remain as your Governor General ... that being said, it is constitutionally impossible for me to recognise the legitimacy of the Council of Ministers which the regime has appointed ..."

Surely this was the Governor General again courageously throwing down a bold challenge to Col Rabuka and his regime?

● At 6 pm, instantly undermining all suggestions that this was a repeat of his once-only broadcast denouncing the coup, the Governor General's declaration was repeated.

● At 6.30 pm, the apparent challenge was apparently answered, also on the radio. Col Rabuka, said a statement, was sworn in by the Governor General as chairman of the Council of Ministers, on Sunday evening—24 hours earlier. He would be swearing in the council this (Tuesday) morning, the statement added.

Could this possibly be true? Or was there some unseen way of reducing the blinding

> It was a break in the impasse. There was no contradiction. Both sides were 'right'

contradiction?

● At 8.30 pm came an official implification of events. Col Rabuka, correspondents were told, had indeed been sworn in, as "chairman of the Council of Ministers," although the witnesses, if any, were not identified.

Similarly, the Governor General, unled his authority as chief executive an dhis emergency powers, had directed that the regime dismantle its organisation, restore press freedom, release detained ministers of the former government and withdraw soldiers to barracks.

But was this really about to happen? Well, the return to normalcy was not an issue, only the "time frame" was—and this was a matter still to be negotiated.

But had either side backed down? Was this some artful face saving—and by whom? No, it was a break in the impasse. There was no contradiction. Both sides were "right." And do not forget the Governor General, with the extra authority he commands, as a high chief, the respect he has from all races in Fiji and the manifest backing of the Queen in Buckingham Palace, is staying in office.

But what of Dr Timoci Bavadra, the ousted Prime Minister? What about constitutional changes ahead of any further election? Would those in the council appointed by Col Rabuka be sworn in today? Significantly, there were no answers.

● At 10 pm Col Rabuka broadcast a solemn prayer which, more than anything else, sought to reassure the deeply anxious Indian community. "You belong here," he said. "You are part of our history and our future. Please be assured you have nothing to fear from this administration."

For once, there was not a word about Fijian rights, constitutions or the use of force. It was more like something for everyone, if people stuck to their word. A "Fijian solution" in the making—or so everybody hopes.

AMERICAN NEWS

Simon confirms candidacy

By Stewart Fleming, US Editor, in Washington

SENATOR Paul Simon, a 58-year-old liberal Democrat from Illinois who is highly regarded by his colleagues on Capitol Hill as a knowledgable and effective member of Congress, formally announced yesterday that he would seek his party's nomination for the Presidency.

Senator Simon indicated last month that a formal announcement was imminent as soon as his colleague, Senator Dale Bumpers of Arkansas, decided not to run. "I do not have an obsession to be President. If Bumpers had been a candidate I would be working for him," Mr Simon said then.

His decision not only broadens the already large field of candidates, bringing to eight the number of known runners, but adds a touch of flair and character to a field which, with the exception of the Rev Jesse Jackson, the black former civil rights leader, is heavily laced with politicians who are little known and virtually indistinguishable to the general public.

Can a man who wears a bow tie and horn rimmed glasses be elected President? It is a question which is being asked in Washington only half in jest.

Mr Simon's response is designed to suggest what sort of candidate he would like to be seen as. "The American people are ready for the real thing and not some slick media package. Harry Truman wore a bow tie and horn rimmed glasses and managed to get elected."

Mr Simon is generally seen as a long shot to win the party's nomination. Some who know him well point out however, that he is from southern Illinois and is well known in neighbouring Iowa where the first authentic test of the democratic field takes place next February.

He holds to the traditional Democratic party theme that government must play a role in supporting the poor and underprivileged

Argentine human rights bill 'may lead to more military pressure'

BY TIM COONE IN BUENOS AIRES

OPPONENTS of a controversial human rights bill being pushed through the Argentine Congress by the Government warn that it might open the way to further military pressure on the Government.

The "due obedience" bill, which will absolve all junior and middle ranks of the armed forces of responsibility for crimes of torture and murder carried out during the previous military regime, was approved by the Chamber of Deputies, the lower House, last Friday. It faces a further battle this week in the Senate where the Government lacks an overall majority.

Political observers expect that the Government will be able to win a slim majortiy, however, by negotiating with some small regional parties represented in the Congress.

The first signs of trouble with the proposal came at the weekend from General Jose Caridi, the new Chief of Staff of the army, who said that the bill was "helpful" but that "it should have gone much further regarding senior officers."

Opponents feel that the armed forces will now press the Government for an amnesty of all officers involved in the "dirty war" of the 1970s, and even a pardon for the five leaders of the military juntas imprisoned in 1985.

According to retired General Lopez Meyer, the president of a dissident military organisation known as the Centre of Soldiers for Argentine Democracy "the Due Obedience Bill will not alleviate the tension with the armed forces. It will simply encourage them to demand more. The next step will be to justify the "dirty war" to then obtain an amnesty, and later to continue intervening in the economic and political affairs of the country."

Gen Meyer said the Government's interpretation that junior ranks could not be held responsible for crimes committed when acting under orders "is totally different to our conception. The military code refers to service orders, and orders to torture and murder prisoners cannot be considered as service orders. These principles are taught at military college."

President Raoul Alfonsin last week said he did not like the fact that the proposal would set free officers who have committed homicides and torture but argued that it was necessary to bring about a reconciliation between the armed forces and the rest of society. Mr Antonio Cafireo, leader of the Peronist opposition, said in last Friday's debate: "This bill is not a result of democracy's strength but of its weakness. It is a concession and will not achieve what it aims to."

Mr Oscar Alende, another opposition leader, warned that the proposal will encourage a repetition of the Easter weekend military rebellion, one of the aims of which was an end to the human rights trial and which will be partially achieved if the bill is passed.

He also claimed that the bill was anti-constitutional. All citizens are equal before the law under Argentina's legal system, and a constitutional appeal is inevitable if the bill is passed as it will create an exception for the military.

David Gardner on Washington's latest attempt to control entry of foreign workers into the US

Mexican illegals brush aside the Cactus Curtain

AS THE sticky afternoon wore into a fresh-breeze evening, Tijuana's Libertad colony, set up on the very edge of the Californian frontier by Mexicans deported from the US during the 1930s depression, bustled into life.

Below it Emiliano Zapata Canyon, the most used transit route for illegal migrant labour crossing Mexico's 2,000-mile border with the US, started filling up.

In a no man's land which is strictly speaking US territory, the El Ilegal restaurant — chicken and spring onions displayed on a dustbin lid and a picnic cooler full of beer under a plastic canopied lean-to — was doing brisk business. More ancillary services, among them a stall offering shoes for the trudge across the Californian border to San-Ysidro and San Diego, spring up nearby.

This was the week Washington activated its major new ton activiated its major new legislative attempt to control the entry of foreign workers — the Simpson-Rodino law, so called after its Congressional progenitors. But there were few signs it was having much effect on migration patterns from Mexico, its main target.

Near El Ilegal, a tight knot of nine young peasants from the central State of Morelos — where Emiliano Zapata set up his agrarian socialist commune at the height of the 1910-20 revolution — were waiting for sunset to start out for Fresno.

Mr Roberto Luna Cortes, who appeared as a natural spokesman, was making his sixth trip to the orange, cherry, tomato and strawberry harvests. In three months' work he reckons to save $2,000, which "I could maybe save in five years working in Mexico."

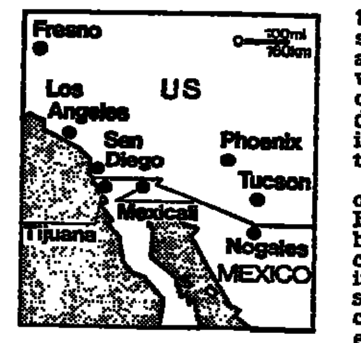
The group's employer, Mr Luna said, was meeting them on the other side.

Further down the dusty canyon, with a US tax border patrol helicopter (known to illegals as The Fly) whirring over a nearby hill, Mr Sergio Ramirez Alcanta maintained a solitary vigil. Aged 31, from President Miguel de la Madrid's home state of Colima, he had been deported two days earlier and was on his way back to Los Angeles (border patrol permitting), to collect $650 owing to him from two jobs, in a garment factory and a restaurant.

Mr Ramirez says that after 14 years "on the other side," and through marriage to an American, he has accumulated the papers to acquire US citizenship under the new law's amnesty provisions for those who can demonsetrate virtually continuous residence since before January 1, 1982. He says, however, that he cannot afford to pay either immigration lawyers or the processing fees: he and his wife prefer to put the money into a little ranch they have purchased in Colima. "I can always go back for a while if we're short of cash," he smiled.

The Simpson-Rodino legislation views all these migrants, who traditionally fill unskilled jobs Americans do not want, as a culturally threatening, amorphous horde. Students of this unique border where developed and developing worlds sit cheek by jowl—the so called Tortilla or Cactus Curtain—point out that whereas 20 years ago 85 per cent of migrants were peasants going to and from fields, two thirds of illegals now come from cities and find urban, mostly service, and hence far more visible, jobs in the US.

Mr Jack Anderson, one of the US's most widely read syndicated columnists, described them recently as "the brown tide lapping against our southern border" in an alarmist



article in the magazine Penthouse.

"A top secret report from the State Department eruditely observes," Mr Anderson writes, "that one does not have to subscribe to a Goths-and-Vandals theory on the downfall of civilisation to accept that the wave of Mexican immigrants is damaging."

Immigration officials and analysts from both sides of the border tend to dismiss this sort of commentary as political froth for US domestic consumption despite its racist tinge. Leading scholars of the problem at the University of California's Center for US Mexican Studies in San Diego, for instance, have insisted that the legislation does not alter socio-economic, demographic and technological realities which pull surplus labour out of Mexico to meet a secular demand for cheap labour in US industries, services and agriculture.

Dr Jorge Bustamante, head of the College of the Northern Border think tank which has branches in every major Mexican border city, concurs, pouring scorn on the catastrophist scenario of mass deportations coming out of Mexico City and elsewhere. The Mayor of Tijuana (est. pop. 1.5m), for instance, recently said his administration stood ready to receive 1m returnees. Dr Bustamante's staff calculates the total number of Mexican illegals at not much over 1m.

Dr Bustamante concedes what many illegals themselves remark, that the new law is having a temporary, dissuasive effect, but insists that the main brake has been the nearly 15 fold rise in the peso cost of emigration since Mexico's financial crisis began in 1982.

Contrary to populer belief, he says, the Mexican recession is holding people in.

The Northern Border College estimates a 10 per cent fall off in crossings (as opposed to people, who may make multiple crossings) over the last three years. The US Immigration and Naturalisation Service, by contrast, reports a record 1.8m deportations in fiscal 1986, up from 1m in 1984 and 1.3m in 1985. But at the Tijuana-San Diego crossing the border patrol says (and Mexican immigration officials broadly confirm) the number of deportations dropped by half last month against April 1986, from 71,908 to 34,962.

But few analysts appear to anticipate major changes in underlying migratory trends.

In addition, the radical new feature in Simpson Rodino of sanctions against employers hiring illegals from June 1 is almost toothless, as numerous seminars for industries using migrant labour are busy pointing out. Employers are liable only if they knowingly hire *indocumentados*.

In essence, the prospective employer is only obliged to demand papers that *look* authentic. One of the main net effects of the law will thus be the major boost it looks set to give the counterfeiting trade—which may prove a disincentive since it will raise the costs of illegal emigration beyond the reach of many Mexicans.

Debt crisis contingency plan urged

By William Dullforce in St Gallen

A CONTINGENCY plan to deal with another international debt crisis later this year should be put in place now, a senior US banker urged yesterday.

The plan could be worked out by the key three or four central banks, a few of the largest commercial banks and an informal group of debtor countries, Mr Pedro Kuczynski, co-chairman of First Boston International, told an international management symposium at the St Gallen Graduate School in Switzerland.

He envisaged the crisis as being precipitated by rising dollar interest rates and the possibility that two large debtor countries, Brazil and Mexico, might shortly be in default.

He added that the plan launched in 1985 by Mr James Baker, the US Treasury Secretary, to provide new capital for heavily-indebted countries had "clearly failed."

Fighting steps up in Surinam

FIGHTING between rebels and the Surinamese army has intensified in the east of the Dutch-speaking South American country, after the rebels' statement that they intend to overthrow the military government of Commander Desi Bouterse by tomorrow, writes Canute James in Kingston.

Representatives of the rebels, the Jungle Commando, and exiled anti-Government groups met in French Guiana at the weekend, apparently to plan strategy for the 11-month-old insurgency.

Commander Bouterse, who took office in a coup seven years ago, promised a return to elected government later this year, but this has been met with scepticism by opponents abroad who support the rebels led by Ronnie Brunswijk, a former bodyguard to Commander Bouterse.

Renault warns of Japan 'used' car flood in EC

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

THE European Community is wide open to a flood of "used" Japanese cars, unless it imposes a strict definition of what can be sold under this description, says Mr Christian Martin, export director for Europe for Renault, the French automotive group.

Renault is already troubled in France by the unusually large number of second-hand Japanese cars from other parts of the Community, particularly Belgium, to top up the unofficial quota on new cars which limits the Japanese to about 3 per cent of the French market.

Mr Martin admits that, in the Community as a whole, the problem has yet to reach significant proportions.

However, "if the EC puts an overall limit on imports of new Japanese cars, what is there to stop the Japanese registering 100,000 in Panama, en route through the canal from Japan, and selling them here with zero miles as used cars" Mr Martin asks.

The community could deal with the threat by stopping the re-sale of Japanese cars by importers in the six months after first registration, or a car would have to have travelled a minimum number of miles to qualify as used, he suggests.

Teleport lifts Jamaican telecommunications

BY CANUTE JAMES IN KINGSTON

THE RECENT approval by the International Telecommunications Satellite Organisation (Intelsat) of a high-speed telecommunications facility for the Jamaican north coast has given a fillip to a growing telecommunications industry in the Caribbean, based mainly on producing under contracts from US companies.

The Jamaican facility is to be owned by the island's government, Telephone International of Virginia in the US, and by Nippon Telephone and Telegraph International and C. Itoh, both of Japan.

Several countries in the region are making capital of opportunities for data-processing, including key punching, preparation of manuscripts, and airline and hotel tickets and reservations.

The expansion of the Caribbean data-processing industry is based on low production costs in the region, its proximity to the US and reduced costs for transmission by satellite.

Projections by governments already involved, or planning to entice companies in data entry and telecommunications, suggest that, in the next three years, the number of jobs in the new industries could reach 20,000, against about 4,000 now.

High-speed data transmission facilities — called teleports and similar to that planned for Jamaica—are being considered by the Dominion Republic, the Bahamas and Barbados.

The US companies establishing such facilities in the region will follow the steps of American Airlines of the US, which three years ago set up an operation in Barbados for processing flight coupons, and which company officials are reported as saying has saved the company millions of dollars.

A major project is planned by the privately owned San Isidoro Free Zone in the Dominican Republic, involving data-processing and a range of information services. The first company to make use of the opportunities is likely to be all-America Cables and Rario, a subsidiary of RCA of the US.

Many of the proposals for the development of the Caribbean's telecommunications industry, however, will depend on the success that the Jamaican government is anticipating for *its teleport.*

The teleport had been approved by the US Federal Communications Commission, and government officials here say it will offer US companies rates which will be about one-fifth of those for current satellite links.

It will be equipped initially with 1,000 circuits, and will be expandable to 1,600, using 400 circuits in the first two years.

Algerian gas pipeline contract likely soon

BY FRANCIS GHILES

SONELGAZ, Algeria's domestic state gas monopoly, is expected to award soon the contract for the 600km natural gas pipeline between Hassi R'Mel and the port of Skikda, east of Algiers.

The two front runners for the project, estimated to be worth $200m (£120m), are Bechtel Corporation of the US and Spie-Capag, a subsidiary of the French company Spie Batignolles. Both have strong backing from their respective export credit agencies.

Sofifa, another French company and a subsidiary of Elf Aquitaine, is one of the leading contenders for a $70m contract to supply pivot irrigation equipment to Algeria. Other bidders include Sumitomo Corporation, Lockwood Corporation, and Rudolf Bauer of Austria.

The contract to build the Bellara steelworks continues to progress, but very slowly.

The pre-qualified companies were asked to submit bids by late last month. About a dozen engineering companies are forming *ad hoc* groups with specialised manufacturers to bid for the different lots (water treatment, oxygen unit, casting, arc furnaces).

However, in view of the overall cost of the projects (at least $1.5bn) and in view of Algeria's straitened external financial position, no final decision is expected for many months.

The port being built at Jenjen and the power station at Jijel, both to service the steelworks, underline the government's commitment to the project.

Reuter reports from Geneva: Morocco yesterday joined the General Agreement on Tariffs and Trade, making it the 94th member.

This will take effect on June 17 and allows Morocco to participate in the Uruguay trade round.

Algeria gave notice last week that it intends formally to join Gatt.

US officials say bill will cause retaliation

TWO US trade officials today denounced as protectionist a pending bill to impose mandatory permanent quotas on imports of textiles, apparel and footwear, saying that it would invite retaliation, Reuters reports from Washington.

"We believe this bill is protectionist and unnecessary," Mr Bruce Smart, Commerce Undersecretary, told the House of Representatives' Trade subcommittee.

"The US textile and apparel industries simply do not need this legislation," Mr Michael Smith, Deputy US Trade Representative, added.

"These industries, and especially the textile sector, made a strong showing during 1986, and that trend is continuing in 1987," he said.

"This is not the ailing industry we are led to believe. It is an industry which cannot keep up with demand for its products."

Mr Smart said members of the European Community had told the US that they would retaliate if the bill became law.

President Ronald Reagan has vowed to veto legislation he considers protectionist. He vetoed a textile import quota bill last year and the veto was sustained.

Mr Smart said the US had textile and apparel import agreements with several leading importing countries including Japan, Hong Kong, Taiwan and South Korea which were working well.

He said that domestic textile and apparel production rose by 10 per cent in 1986 over 1985 and that profits had increased sharply.

The bill was also opposed by some leading US manufacturers, such as Levi Strauss and the Florsheim Shoe, but was supported by the International Ladies' Garment Workers Union, which said that imports were threatening to wipe out the domestic industry.

● A Thai plan to crack down on tape and video piracy, drawn up under pressure from Washington, is unlikely to satisfy the US, a leading Thai legislator said.

Washington has threatened to cut Thailand's rights to low or zero tariffs on $357m worth of exports to the US under the Generalised System of Preferences (GSP) if Bangkok does not stem the pirating of tapes, brand-name clothes, computer software and pharmaceutical goods.

Opposition deputies and members of the ruling coalition have criticised a proposed amendment to tighten Thailand's copyright law as too restrictive, a parliamentary spokeswoman said.

Norway to buy more System 12 phone gear

By Our Paris Correspondent

THE NORWEGIAN telecommunications authority (NTA) has decided to exercise its option to buy addition System 12 digital exchanges worth Norwegian krone 800m (£72.2m) from Standard Telefon Kabelfabrik (STK), the Norwegian subsidiary of the new Alcatel telecommunications group.

Alcatel yesterday confirmed in Paris the Norwegian decision, which involves the supply of 400,000 additional System 12 lines in 1989 and 1990. This former Norwegian subsidiary of ITT, which now forms part of the new Alcatel grouping controlled by the French CGE group, is now supplying 700,000 System 12 lines to the Norwegian telecommunications authority, under a four year contract from 1985-88.

With the additional contract for 1989-90, STK will have supplied Norway with a total of 1.1m digital lines by the end of 1990.

Alcatel now expects to supply about 2.5m System 12 lines throughout the world this year.

The group also markets the Alcatel E-10 digital switch alongside the System 12, which was developed by ITT.

Paul Betts assesses the sales strategy of the French electronics company Thomson CSF

Diversification in defence of markets

'A foreign group such as Thomson can only penetrate a market such as the US when a niche opens. After the Rita communications network, a niche has now opened with the short-range air defence system.'

THOMSON CSF, the main defence electronics subsidiary of the nationalised Thomson group in France, is seeking to diversify its defence export sales to compensate for the decline in its traditional markets in the Middle East and other oil-exporting developing countries.

The French group yesterday announced it had won FFr 1.2bn (£124m) worth of orders to supply the sonar combat system for six submarines that Australia is buying for the equivalent to a total of £1.55bn from the Swedish Kockum group.

This reflects Thomson's efforts to diversify its export business.

Thomson is also seeking to penetrate anew the US defence market.

It *has just signed* an agreement to collaborate with LTV in a bid or a $4bn contract to *supply* the US army with a new short-range air defence system.

Thomson will develop with LTV a short-range air defence system, based on the French group's Shaine land-air missiles system, in what is expected to become an intense international struggle for the US contract. LTV will be the lead contractor in the partnership with Thomson, competing against rival bids that include one by British Aerospace, which has also lined up a US partner and is proposing an air defence system based on the Rapier.

For Thomson, the US contract would represent its second big opportunity to penetrate the US market during barely two years, after clinching with its partner GTE the $4bn deal to supply the US army with its Rita mobile military communications system, against fierce British competition from Plessey.

"A foreign group such as Thomson can only penetrate a market such as the US when a niche opens. After the Rita communications network, a niche has now opened with the short-range air defence system," said Mr Henri Starck, Thomson CSF managing director.

The overall order book declined to FFr 70.9bn last year

Apart from the new US bid, Thomson CSF is now also involved in a series of other French bids for major submarine contracts, including a FFr 20bn contract to supply Saudi Arabia with eight submarines and two bases, and another contract to supply Canada with four to six submarines.

Despite the difficulties in its traditional Middle East export markets, Mr Starck expects to see Thomson CSF's new orders rise this year above the FFr 30.3bn level of new orders last year.

Reflecting the slump of a number of traditional markets, the overall order book of Thomson CSF declined to FFr 70.9bn last year from FFr 75.5bn the year before. Thomson, however, won a major FFr 30bn Saudi contract in 1984, which was followed the next year with the Rita deal in the US.

Thomson CSF's sales rose by 11 per cent to FFr 36bn last year, with defence and professional electronics accounting for three-quarters of the total *with FFr 25.8bn. Profits rose* to FFr 2.2bn last year, from FFr 960m the year before.

But Thomson has warned that it may have to trim its labour force in its defence businesses, in the face of lower orders from certain traditional markets. Mr Jacques Savoyen, head of Thomson CSF's aerospace division, suggested that lay-offs in the aerospace sector could be more than 2 to 3 per cent this year, in view of the state of the market.

"Last year was a bad year for everyone. Only about 20 military aircraft were sold throughout the world in 1986 and we suffered a 10 per cent decline in orders between 1985 and 1986," he said.

Last year was a bad year for everyone. Only about 20 military aircraft were sold

Mr Starck and Mr Savoyen are keen to see greater collaboration among European defence industries, to avoid what Mr Starck called "another Westland disaster." The two Thomson-CSF executives also expressed interest in proposals being mooted by France, including the launch of a military version of the French-inspired European Eureka technological project to enhance scienctific co-operation between European groups on defence research.

Thomson-CSF is anxiously awaiting the final go-ahead by the French authorities for the French Dassault Rafale jet fighter. It has joined Snecma, Dassault and Electronique Dassault to prepare the detailed definition of the electronic systems and defences of the new aircraft.

Mr Savoyen is hoping that France and West Germany will complete the budgetary agreement for their new joint military helicopter *project,* which directly interests Thomson.

Mr Savoyen says the civil market, which accounts for about 20 per cent of Thomson's aerospace business, can hardly compensate the defence business.

Even so, Thomson has high hopes of the next generation Airbus programme, which is expected to make further progress in coming days. Indeed, the French government is expected this week to announce *its financial plans for the new* A340 and A330, which would follow the UK government decision last week to provide £450m in launch aid to British Aerospace for the new Airbus programme.

The time has come to unite Britain through political and social reform

David Steel and David Owen's foreward to the manifesto:

THE ALLIANCE'S vision is of a Britain united, a Britain confident, compasionate and competitive. We know that it is possible to unite our country. We know the British people want greater unity. But we also know the task of drawing Britain together again can only be achieved through political, economic and social reform on a scale not contemplated in our country for over 40 years.

At the last election, about a third of the nation's voters didn't even bother to turn out.

It's hard to think of a more damning condemnation of politicis in this country.

But it's not difficult to understand why so many people feel cynical and uninterested.

Since the last war the Tories and Labour have each had six turns at Government.

Many honourable men and women on both sides have worked hard for the nation but the system has defeated all but a few.

Rigid dogmas, the overriding need for party unity, and indiscriminate three-line whips have all helped to create a climate of conflict and rancour.

Listen to Parliamentary question time and count how many times the Speaker has to call for order. We've had 40 years of yah-boo politics and where has it got us?

We live in a country that is patently unfair to many of its citizens. While politicians brandish statistics at each other on TV chat shows, we can all see with our own eyes what is happening to our schools, hospitals and inner cities.

We know there is more crime because our own homes have been broken into, our own neighbours have been mugged, our own children have been offered drugs.

We know that unemployment remains a huge problem because few families haven't been touched by its shadow.

For many, the situation seems hopeless. Unable to contemplate five more years of uncaring government under Mrs Thatcher, they still do not trust the Labour Party.

Mr Kinnock tries hard but for how long can he keep the lid on the extremists of the Left?

They already dominate some of the Town Halls. When the election is over, will they emerge again to claim the rewards of their silence?

Many of these people feel that the Alliance is the answer —but they ask what chance does it have of changing things? The answer is—every chance.

At the last election, the Alliance won nearly 8 million votes, little less than the Labour Party.

If just 12 more people in every 100 vote for the Alliance this time, we will be the single largest party in Parliament. If just five more people in every 100 support us, we would have over 70 seats and almost certainly hold the balance of power.

Think of it. Issues would be judged on their merits. We would curb the Tories' divisive policies and stop the destructive antics of the Labour Left.

Politicians would be forced to listen to each other and work together. The two-party, two-class pantomime would finally be over.

It's not an impossible dream. It's closer now than at any time in our history.

All you have to do to make it happen is to vote Alliance on June 11.

INTRODUCTION

There has never been an election like this in modern times. All the evidence and all the commentators confirm that it is a three-way contest which the Alliance enters from a position of unprecedented strength and promise. The Official Opposition is falling apart and is now quite unable to present itself as a realistic alternative to a Government which presides over the worst unemployment ever known in the lifetime of those who are of working age. The two-party system has broken down because it is rooted in outdated battles of class and ideology, and provides no outlet for the vast numbers of people who want individual freedom to go hand-in-hand with social justice, who want the state to back industry without trying to take it over, who want power to be given back to communities instead of concentrated in Whitehall and who want a nation which is soundly defended but takes the lead in the quest for negotiated disarmament and a fairer world.

In any Government the policies which have been set out in the election programme can only tell part of the story of how they will behave in office. It is at least as important to know and trust the values and principles for which they stand, and which will guide their response to the new events and new problems with which governments have to deal. These values, we believe, are embodied in this Joint Programme. They are our guidebook for government:

● Governments are there to protect and preserve the freedom of citizens, to whom they should be accountable and open;

● Freedom must extend to all the people, and Governments must therefore widen the opportunities of those whose liberty is limited by lack of employment, education, health care, housing or help in dealing with disability;

● Governments should not try to do what can be better done by individuals, by communities, by voluntary organisations or by private enterprise, but should set about enabling people to help themselves; however Governments should be ready to enter into partnership with these organisations to tackle the problems that neither it nor they can solve alone;

● Decisions of Government should be taken democratically at the most local level compatible with effective action;

● Governments should learn to listen to the people to whom they are accountable.

● Governments should exercise the creative leadership to enable society as a whole to match its needs and resources with the work to be done — of which there is an abundance in Britain today;

● Government must challenge and curb all those who threaten individual freedom by the abuse of monopoly power, by the denial of rights or by crime and violence;

● It is the business of Government to act fairly in the pursuit of a united society, not to identify itself solely with any one section of society or region of the country;

● Government should take positive steps to ensure equal opportunities for women—who make up 52 per cent of the population — and for minority groups such as the ethnic communities.

● Government must enable society to take the longer view, setting the right balance between present consumption and future investment and ensuring that economic development is sustainable and environmentally responsible.

● These values must also guide foreign policy, where the defence of the nation goes hand-in-hand with the promotion of peace and fairness in a world marked by severe inequality and injustice.

We believe that Government at al levels can be more open, more accountable, more fair and more in tune with the wishes of the people of this country if it is allowed to break free of the two-party system and the old class conflict which that system feeds. Our country and its people deserve better, and here is how we believe it can be done.

BETTER GOVERNMENT

Most of the problems facing our country cannot be solved unless we get better government. That means government which can carry the people with it in its major policies, and it means government which the citizens can call to account. Our system is currently failing in both respects, and it is getting worse. Under our proposals no government will be able to ride roughshod over the rights of its citizens.

● **First, we insist that the voting system should be reformed** so that no minority—which is what Mrs Thatcher's Party was at the last election—is given an inflated Parliamentary majority. Fewer people voted Conservative at the last election than the one before, yet the system gave the absolute power of a massively increased majority to Mrs Thatcher, and ensured that the House of Commons could be little more than a talking shop. No wonder Labour leaders join with the present Conservative leadership in wanting to keep the old system—they can see that it offers the only hope of inflicting on the nation policies which the majority of the people reject. The Alliance will introduce community proportional representation, using the well-tried single-transferable vote system with constituencies based on local communities. This system also gives the voters the chance to show which candidates they prefer and would increase the opportunities for women to be elected to Parliament, and make the election of representatives of ethnic minorities more likely. We will reform the voting system for local government on a similar basis, which is the real answer to the abuse of power by the Town Hall extremists. Fairly elected local councils can and should be entrusted with important responsibilities because they are not run as one party states. We will end the scandal whereby England, Scotland and Wales are denied fair representation in the European Parliament; we will introduce a new Great Reform Charter covering a range of specific legislation, all aimed at strengthening our democracy both locally and nationally.

● **We will open the doors of government** so that incompetence and deceit cannot be hidden behind them. We will repeal Section Two of the Official Secrets Act and introduce a Freedom of Information Act so that the public have access to government information to give people access to their personal files, including medical files, held about them by public bodies and to build on the foundation laid by the Access to Personal Files Act, which was introduced as a private members bill by a Liberal MP. We hope to strengthen data protection laws. In areas of government where secrecy is needed, we will introduce new safeguards including a committee of Privy Counsellors to oversee the security services.

● **We do not believe that Whitehall knows best.** British government has never been more centralised than it has become under Mrs Thatcher. In education, health and every aspect of local government, power has been taken over by Ministers. As a result of what the Conservatives have done, an extremist government would have far more opportunities than ever before to control people's lives. This centralisation is inefficient as well as dangerous. How on earth can the man or woman in Whitehall know the needs, the problems and the potential of every community from Shetland to the Scillies? The Alliance will reverse this trend.

● **We will introduce a code for the public service and reassert the safeguards of ministerial responsibility and civil service impartiality which have been severely eroded under Mrs Thatcher's Government as the handling of the Westland affair showed.**

● **We will devolve power to the nations and regions of Britain.** We aim to establish an elected Scottish Parliament, Welsh Senedd and elected regional assemblies throughout England. Public support is essential for progress to be made within the framework of an initial Devolution Act. The devolved structure will require a step-by-step process starting with establishing a Scottish Legislative Assembly with wide powers and self-government in her domestic affairs. This would be created within an overall framework in a devolution bill which sets out the objectives and principles for devolution of powers within the UK. Wales already has a well established, but unaccountable, layer of devolved administration; we therefore aim to create a Welsh Senedd and would publish an early Green Paper on its powers and responsibilities. The abolition of the Greater London Council and the six metropolitan county councils has created a vacuum. London is now the only major capital city in the democratic world without a democratically elected local authority. Greater London is of sufficient size and importance to be a region in itself and there is already widespread support for such a regional assembly, which should be established as soon as possible. We shall publish an early Green Paper with proposals for an elected Greater London regional assembly and setting out the proposals, as the need and demand is established, for the creation of democratically elected regional governments in England.

● **Local government needs a fair system of local finance** which the rates no longer provide. The Government's alternative of a poll tax is unacceptable because it is grossly unfair: it does not relate taxation to the ability to pay. We are committed to the planned introduction of a local income tax at the main source of local government revenue in place of domestic rates. We believe that business rates should be related to ability to pay and we will consult with industry and commerce as to how this can be achieved.

● **Parliament itself needs a shake-up.** A fair electoral system will have that effect but even under the present system many existing Parliamentary practices will not survive for long after this election, because three major political forces will be strongly represented. It will no longer be possible for two political parties to run the House of Commons to suit their own convenience. We intend to put the control of parliamentary business and parliamentary time in the hands of an All-Party Business Committee and to make much more use of select committees: we want widely-supported private members bills to have sufficient time to be debated and decided upon. In recent years the House of Lords has proved the value of a second chamber by its careful scrutiny of bills which got little attention in the Commons and by its willingness to defeat the government on issues of national concern. But there can be no justification for basing the membership of the second chamber so largely on heredity and on the whim of Prime Ministers. The Alliance will work towards a reform of the second chamber linked with our devolution proposals so that it will include members elected from the regions and nations of Britain and will phase out the rights of hereditary peers to vote in the Lords;

● **We will greatly strengthen the rights of the individual.** British Governments have sought to lull citizens into a false sense of security by claiming that our rights are protected by an unwritten constitution. Hundreds of British people find out every year that these protections are inadequate and they have to go to Strasbourg to seek protection from the European Convention on Human Rights. We will enact the European Convention into British law, so that the citizen can secure redress in the British courts.

● **We will establish a Human Rights Commission,** which will take over the work of the Equal Opportunities and Racial Equality Commissions, and counter all discrimination on grounds of race, sex, creed, class, disability or sexual orientation. The Commission would be able to initiate action in the courts.

● **We will open up opportunities for women at work and in public life.** Today, fewer than one in five of Government appointees on public bodies are women. We will secure equal representation of women on all appointed public bodies within a decade; our social and tax policies aim to give women equal rights and freedom to choose their way of life.

United front: David Owen and David Steel launch the manifesto

● **The Alliance accepts the need for immigration controls and for clear legal definition of British nationality, but also accepts that the law in this area is fundamental to individual rights and should be fair to everyone regardless of race and regardless of whether they are men or women.**

There should be effective rights of appeal against refusal of citizenship and referral to an independent body in cases of deportation, and immigration procedures should be revised so as to promote family unity without significantly affecting immigration totals, which remain lower than rates of emigration from Britain.

● **We will combat discrimination against black people in housing and employment** and take positive steps through such measures as contract compliance to secure equal opportunities for racial minorities, and we will devote more police resources to dealing with racial harassment.

● **We will combat prejudice against and misunderstanding of people with disabilities,** to improve their quality of life, and to extend educational opportunities for disabled young people.

● **We will restore the principle that anyone born in Britain is entitled to British citizenship.** We are adamantly opposed to discrimination and we will repeal the sexist and racist aspects of the British Nationality Act 1981.

THE GREAT REFORM CHARTER

Democracy in Britain did not just happen. It was the product of reform—reform against vested interests of both left and right. In 1832 Britain took the first step with the Great Reform Act. Further instalments of reform followed in 1867, 1884, 1918 and 1928 before all men and women had gained the vote. Yet, since then, our democracy has stood still despite the tremendous changes in the economy and society. The Alliance believes that it is time for a new era of reform. For, without getting the structure of our democracy right, we will get nothing right.

The Alliance, if empowered by the British people, will:

● Replace the undemocratic 'first past the post' electoral system with proportional representation based on a single transferable vote for all Westminster and local authority elections;

● Introduce PR for elections to the European Parliament. We support a common system for all member states;

● Repeal the Official Secrets Act and replace it with Freedom of Information legislation providing for a public right of access to all official information, subject to limited and specific exemptions to protect national security and proper law enforcement and privacy;

● Reform the law of confidentiality to ensure that freedom of expression on matters of public interest is not unnecessarily restricted;

● Incorporate the European Convention on Human Rights and its protocols into British law in a Bill of Rights;

● Remove the right of the Prime Minister to determine the date of general elections and replace it with fixed-term parliaments;

● Devolve power to a legislative Scottish Assembly, establish a Welsh Senedd and decentralise decision-making to the English regions in accordance with the wishes of their electors;

● Extensively reform Whitehall procedures in order to make the governmental system more responsive to the wishes and needs of the people;

● Reform the House of Commons precedures;

● Reform the House of Lords.

Opportunities for Women

The Alliance is committed to the principle that women should have equal opportunities and in government we will take positive steps to ensure this ideal becomes a reality.

● We will open up opportunities for women in public life by securing equal representation of women on all appointed bodies within a decade.

● We will strengthen the rights of women at work through equal pay for work of equal value, equal treatment, ensuring that all public authorities and private contractors are equal opportunity employers. We will restore the maternity grant and improve benefits for families.

● We will offer a tax allowance to help with the costs of childcare and remove the tax on the use of workplace nurseries.

● We will ensure that girls and women have equal opportunities in education and training.

● We will promote measures that give employees with family responsibilities rights to parental and family leave.

● The Alliance wants to see more women in Westminster. Changing the electoral system to a form of proportional representation will increase the oportunities for women to be elected to Parliament.

Northern Ireland

We intend to secure progress towards a peaceful and secure life for the people of Northern Ireland. That depends on the acceptance of three fundamental principles:

● Rejection of violence;

● Recognition that both Unionist and Nationalist traditions have their legitimate place;

● Acceptance that Northern Ireland should not cease to be a part of the UK unless a majority of the people of Northern Ireland so wish.

The government of Northern Ireland must be based on a partnership between the two traditions. The Alliance welcomes the Anglo-Irish agreement as a genuine attempt to achieve the objectives we set out. We wish to see a UK/Irish Parliamentary Council, and a devolved assembly where responsibilities and power will be shared. We would improve arrangements for considering Northern Ireland legislation at Westminster.

Our commitment to incorporate the European Convention on Human Rights into UK law will strengthen individual rights in Northern Ireland and we would reform the Diplock courts so that three judges preside over non-jury trials; in this and other respects we believe that the passing of anti-terrorist measures in Northern Ireland and the Republic can increase the authority those measures carry in a divided community. We also support the establishment of a joint security commission.

> 'We will devolve power to the nations and regions of Britain. We aim to establish an elected Scottish Parliament, Welsh Senedd and elected regional assemblies throughout England.'

We would encourage the participation of people from the minority tradition in the RUC and believe that a totally independent police complaints procedure should be established. We would introduce the 110-day limit on the time in which a prisoner may be held in custody before appearing in court, as we propose for England and Wales.

We would encourage those who are working for reconciliation in Northern Ireland and who are seeking to eliminate sectarianism and discrimination in religious life, education, housing and politics.

We believe that the membership of the EEC offers not only practical help to Northern Ireland, but also prospects for the long-term development of a confederal relationship between UK and the Republic of Ireland which could offer a solution to a problem which has claimed over 2,500 lives in the last 18 years.

FIGHTING CRIME

Crime rates have soared in this Government's last eight years. Overall, crime is up by 60 per cent, burglaries have almost doubled, while robberies have increased two and a half times over. People, particularly elderly people, live in fear in their homes and in the streets and women feel increasingly unable to go out at night.

Detection rates have dropped from over two-fifths in 1979 to under a third in 1986. Increases in police numbers have been largely offset by special duties like policing strikes and demonstrations, and by a drop in the working week. There are few extra bobbies on the beat.

The Alliance would tackle both crime and the causes of crime. Some Labour-controlled boroughs refuse to co-operate with the police in combatting crime. The Conservative Government refuses to recognises that homelessness, unemployment and aimless bed-and-breakfast regimes are breeding-grounds of delinquency. Both are wrong.

Lifeline

Too many elderly people suffer from isolation, fear and cold.

● We intend to give them the safety, security and warmth they deserve. Britain has 6m people aged 70 or over. For them our "Lifeline" programme will:

● include free installation of a telephone;

● protect them against the criminal by free installation of secure locks;

● cut their heating bills by free home insulation;

● abolish standing charges on electricity, gas and telephones;

These 6m people live in 4.5m households and this will cost £180m. "Lifeline" will build on present schemes and will also be a part of our long-term job guarantee.

Crime crisis areas

An Alliance Government will target "Crime Crisis Areas," those with the highest rates of crime, for special anti-crime measures. Chief constables, in consultation with community police liaison committees and police authorities, would define these areas. They will have:

● More police on the streets;

● Local police stations reopened. Police posts should be established where no station is close by;

● Security grants to pay for entry phones and security locks;

● Projects to make crime danger spots safe and to provide effective street lighting and more caretakers on estates;

● New housing estates designed to minimise opportunities for crime, and hazardous public areas will be redesigned;

● A legal obligation imposed on British Telecom to keep all public telephones in constant repair. In London up to half our public telephones are broken at any one time—many of them the only lifeline in high crime areas.

The Police

The Alliance firmly supports the police in the battle against crime; that fight can only be effective if the police get the support of the whole community, through community policing and policemen on the beat. Many police forces are still under strength: yet more officers are needed to provide the kind of local policing which we believe is essential. An Alliance Government will finance a further 4,000 police officers over and above the present Government plans and 1,000 more civilians, so releasing police officers for patrol duties.

Proportional representation for local government would stop unrepresentative extremists from controlling police authorities. It would mean more sensible police authorities and make possible a democratically accountable police authority for London. We oppose the police monitoring units by which some Labour councils attempt to undermine the police. The Alliance fully accepts the need for chief officers to have full operational control of their force. The Alliance supports a fully independent system for investigating complaints against the police. We reject moves towards a national police force. We would appoint a Royal Commission to review the question of police accountability.

● **Upholding the law.** We will create a new Ministry of Justice. Its responsibilities will include the strengthening of the rights of the citizen to legal aid and advice and improving court and tribunal procedures. We will establish a family court system and set up a new legal services council.

Sentencing Policy. Sentencing is often seen as arbitrary, with the same crime attracting widely divergent punishments. For the criminals, sentences become more of a lottery than a deterring force. We will strengthen the role of the Judicial Studies Board in setting guidelines for sentencing. This will mean that any judge stepping outside the board's recommendations would be asked to explain the reason and any special circumstances. This would maintain a judge's flexibility, while keeping sentencing broadly consistent. It would also limit the ever-increasing upward trend in sentencing.

A Royal Commission on the Presentation of Violence in the Media. We will establish a Royal Commission to report within a year on the public presentation of violence on TV and the reporting of crime in newspapers, to make recommendations on the possible link between these and violent crime on the streets.

Crime Prevention Units. There would be a duty on all local authorities to establish Crime Prevention Units, and to work closely with the police to help in setting up Neighbourhood Watch schemes. They would advise on security in all new planning and building.

Insuring Against Crime. We aim to make insurance available to all council tenants, who are twice as likely to be burgled as home owners and far less likely to be insured.

Curbing the Sale of Offensive Weapons. We will curb the sale of knuckle dusters, battle knives, spiked shoe straps, crossbows and catapuls.

The prison scandal

The prisons are bursting at the seams, yet Home Office projections show numbers increasing until the end of the decade 1985-1985. Of the 13,000 increase, 5,000 people will be untried and unsentenced.

The Alliance believes drastic action is needed to reduce the prison population, while ensuring that those responsible for violent and serious crime are kept out of society for as long as the Courts think necessary. Imprisonment rarely rehabilitates the prisoner. Three-fifths of all men who receive a prison sentence re-offend within two years of being released.

● The minimum standards for prisons proposed by NACRO, and accepted in principle by the then Home Secretary as long ago as 1981, should be adopted as a target to be achieved within two years.

● A limit of 110 days should be laid down as soon as possible for remand prisoners. If not prosecuted within that period, they would be released. This system operates successfully in Scotland.

● Probation authorities should be required to provide bail hostels adequate to accommodate their own needs. The Home Office should make a special 100 per cent grant for the purpose.

● The "short, sharp, shock" has failed. As the Magistrate's Association has recommended there should be a single youth custody sentence. Detention centres, already under-used by the Courts, should be abolished, and the accommodation released to be used for remand centres.

Alternatives to prison

● Every effort should be made to ensure that fine defaulters, elderly shoplifters and drunks are not sent to prison.

● Police cautions and intermediate treatment should be more widely used. Where punishment is appropriate, it should normally be community service rather than prison; but many of these offenders are more appropriately dealt with by rehabilitation or medical treatment.

● The probation service must be expanded to enable bail and non custodial sentences to be supervised where necessary under appropriate supervision.

● The Home Office should consider extending the period of automatic remission for less serious offences.

● We strongly support victim support schemes.

● Offenders should recompense their victims, either directly or indirectly. Community service orders oblige offenders to undertake work for the community. They should be more widely used.

These changes should ease the frustration that threatens to erupt in the prisons, and enable prison officers to do the professional job they want to do. We welcome "Fresh Start," which proposes shorter hours and less reliance on overtime, but recognise that unless overcrowding is tackled, this reform may not work.

BUILDING THE FUTURE

A generation ago, Britain was among Europe's richest countries. Today Britain is falling down the league of industrialised nations. Real income per head is well below that of Sweden, Germany or France. Our manufacturing trade has gone into the red. In every year since 1983 we have imported more goods than we exported, the first time that has happened since the Industrial Revolution.

Worst of all is unemployment. Many more than the 3m people registered as unemployed have no jobs. The Government has juggled the figures and brought in cosmetic devices to hide the truth. But the facts will not go away. The dole queue is three times what it was in 1979. Unemployment has been a low priority for this Government, used to keep down inflation. Tax cuts have had a higher priority than job creation. The cost in human misery and hardship, loss of confidence and self-respect, not least among young people, has been incalculable.

Britain, like other industrial countries, has to cross the gulf between the first industrial revolution, based on steel, engineering and railways, and the second, based on the sunrise technologies of micro-electronics, bio-technology and new materials. To cross that gulf demands investment in new buildings, plant and machinery, and above all in the research and development on which new products and new processes are based. Yet under Mrs Thatcher's Government, investment in manufacturing industry and in R and D has fallen substantially. We must give a much higher priority to training and education. There has been a huge decline in apprenticeships and skill training in Britain in the past eight years, although the new technologies demand much higher qualifications and regular updating of knowledge.

The Government has failed to use the one-in-a-lifetime opportunity North Sea oil gave us to invest in our industry and in our people. High interest rates have crippled businesses of all sizes, sudden ups and downs in the sterling exchange rate have handicapped exports. Even the proceeds from selling-off state assets—our assets—have gone into cutting taxes to buy votes.

These are our objectives:

● To reduce unemployment, first amongst those unemployed for a year or more, and amongst young people; in three years we will reduce unemployment by 1m;

● To bridge the gap between the older industrial areas and the areas of prosperity. The older industrial areas have lost a million jobs. We would encourage regional development agencies and local employment initiatives to harness the energy and enthusiasm of the local people in these hard-hit areas. The south-east would benefit too, for house prices are now soaring far beyond the ability of most families to pay, and attractive countryside is besieged by developers.

● to build a new partnership between business and government, to re-equip our factories, tackle the blight of our inner cities, and draw up a strategy for a competitive and successful industry;

● to abolish class division in the workplace by encouraging a single status for white collar and blue collar workers, and creating opportunities for all employees to share in the profits, decision and ownership of firms;

● to strengthen the rights of women at work including equal pay for work of equal value and equal treatment. We will ensure that all public authorities and private contractors are equal opportunity employers and we will promote changes to enable those with domestic responsibilities to secure access to employment. We would restore maternity grants and give a tax allowance to help with child-care costs. We would remove the tax on the use of workplace nurseries and encourage wider provision of child-care facilities.

UNEMPLOYMENT

Unemployment at present levels is not the inevitable result of new technology or world recession—Japan has only 2.5 per cent unemployment and US unemployment has fallen by two million since 1983. It can be reduced in Britain. The key is to ensure that in creating new jobs the nation does not embark on another round of severe inflation which will damage competitiveness and cost us jobs in the long run. Labour ignores this danger and the Conservatives use it as an excuse for allowing unemployment to remain high. The Alliance is prepared to take the difficult steps necessary to create jobs and control inflation at the same time.

● Therefore we will expand the economy by targeting resources to increase output and exports rather than consumption and imports. New capital investment building up to £1.5bn per annum will support the framework of services on which industry and society depend, like transport, homes, schools, hospitals and drainage. We will give more spending power to the poorest people in our society, which will itself generate more economic activity with much less impact on imports than general cuts in income tax;

● We will control inflation by winning the support of the British people for our incomes strategy; as a back-up we will legislate for rserve powers for a counter-inflation tax on companies—under which inflationary increases would be unattractive because they would go in extra tax; profit-sharing would be exempted. We would introduce fairer arrangements for public sector pay, with an independent pay and information board whose findings would inform and assist negotiations, arbitration procedures and incentives to negotiate no-strike agreements in essential services;

● We will join the exchange rate mechanism of the European Monetary System, enabling us to make our currency more stable and to reduce current interest rates by as much as 2 per cent. We would also seek to develop the role of the EMS within the world economy.

For the long-term unemployed we will provide a guarantee of a job through:

(a) a building and investment programme aimed at providing 200,000 jobs in such essential areas as transport, housing, insulation, urban renewal and new technologies;

(b) a new recruitment incentive to encourage companies to take on over 270,000 jobless people;

(c) a crash programme of education and training, offering new skills to the unskilled unemployed, with 200,000 places;

(d) 60,000 extra jobs in the health and social services to improve care in the community and more jobs in nursery education.

(e) an expanded job release scheme, opening up 30,000 jobs by allowing men to benefit from the scheme at 62 years of age.

Rebuilding British Industry

Manufacturing and services go hand in hand, but only a quarter of services are tradeable and two thirds of our exports depend on manufacturing. Britain cannot survive on a basis of low tech service jobs. Nor can business flourish with-

Continued on Page 7

UK NEWS – THE ALLIANCE ELECTION MANIFESTO

Continued from Page 15

out a thriving industry to buy their products. Manufacturing industry is the driving force at the core of our economy. Its decline must be reversed.

Therefore:

● We will introduce Industrial Investment Bonds to attract investors into industry, a new industrial credit scheme to provide medium-term finance for manufacturing companies and a tax allowance for investment in new technologies;

● We will work in partnership with industry and put industry first. There will be a new Cabinet Industrial Policy Committee responsible for overseeing the development and implementation, in co-operation with industry, of a broad industrial strategy with long-term priorities;

● We will encourage employers to take on more staff by a 25 per cent cut in their National Insurance Contribution payments targeted on assisted areas and areas of high unemployment;

● We will introduce a training incentive with rebates for companies who spend more money on training and contributions from those who do not provide it themselves; our new Department of Education and Training will monitor standards and turn youth training into a fully comprehensive, high quality *vocational and educational programme* for 16-19-year-olds.

● We will increase the lamentably low funding of civil research and development, placing emphasis both on commercial exploitation of new technology using the British Technology Group, and on boosting basic scientific research; we would give greater support to European Community joint research programmes;

● We will give more backing to exports using the Export Credit Guarantee Department and the Aid and Trade Provision (funded from the DTI) more effectively than the present Government has done in recent years because of its ambivalent attitude towards public sector support. We will press the European Community to take stern action against dumping. We will launch a more determined attack on unfair restrictions on our trade, including those imposed by Japan on a wide range of products and services and by the US on our high-technology exports;

● We will insist on a strong competition policy to promote efficiency and give consumers a fair deal: the Office of Fair Trading will be strengthened and will take on the responsibilities of the Monopolies and Mergers Commission and companies seeking mergers will have to justify them; individuals and institutions will have power to seek redress in court against anti-competitive practices;

● We will continue to judge whether industries should be in the public or private sector on objective criteria related to competition and efficiency. We opposed the privatisation of British Gas and British Telecom — although we would not reverse it but instead concentrate on improving consumer choice and protection. We supported the privatisation of Rolls-Royce. We would not privatise water authorities and the Central Electricity Generating Board on grounds of public policy relating to safety standards and care for the environment. We welcome the fact that British Steel is now operating profitably. We believe it should be retained as a single entity to withstand international competition and should be considered for privatisation providing its success can be maintained;

● We will work with the people of the hard-hit regions to stimulate new economic activity and new prospects for jobs through regional development agencies. We will encourage the setting up of local venture capital *funds to finance new enterprise*. We do not believe that government always knows best, so we will support local initiatives through appropriate fiscal and financial means.

Backing Small Business

● We will build a partnership between government, entrepreneurs and investors to encourage new businesses and create new jobs. We will especially encourage small businesses, which will be a major motor of growth and employment in the 1990s.

● We will reduce the tax and administrative burdens on small businesses.

● We will promote the establishment of Small Firms Investment Companies to provide equity and loan finance.

● We will introduce a Bill to enable business to charge interest on overdue payment of bills, if they so wish.

● We will ensure that there are business start-up schemes and expansion schemes specifically geared to encouraging enterprise by women.

● We will ensure small businesses get their fair share of public contracts from both central and local government.

● We will encourage local public/private initiatives, such as Enterprise Agencies, which we identified in our Worksearch Campaign.

Industrial Investment Bonds

● We will introduce Industrial Investment Bonds to liberate many new and small businesses from the high cost of borrowing start-up capital.

These bonds will help bridge the gap between the new businessman who needs access to low-cost funds and the investor, including individuals, who would like to back him or her provided the balance between risk and reward is reasonable. We will accordingly allow new and growing companies to raise funds through the issue of Industrial Investment Bonds which will pay interest free of tax to investors.

A similar scheme is already providing a valuable kick-start for many new companies in the United States. Together with the Business Expansion Scheme, our Industrial Investment Bonds will give the next generation of businesses the most favourable climate ever to build up employment for the community and profits for themselves and their investors.

We will promote partnership.

For too long the industrial sector has been a battleground between opposing forces of capital and labour, instead of a mutually beneficial and equal partnership.

● We will legislate for employee participation but believe that flexibility must be allowed in working out the detail for employee councils at the place of work. These councils should have the information and the rights to enable them to contribute to strategic decisions; opportunity must be provided *for participation at top level*—for example by employee directors or a representative or *supervisory council, or by directors* elected by shareholders and employees jointly;

● We will encourage *other forms* of industrial participation, including co-operatives in which it is workers who hire capital and management skill; we will establish an Industrial Partnership Agency incorporating the Co-operative Development Agency to take a lead in this field;

● We will strengthen the law in relation to Directors' statutory obligation to have regard to the interests of their employees as well as their shareholders; this should include a requirement to consult employees before making a recommendation in response to any take-over bids;

● We will extend incentives to employees' share-ownership and profit-sharing which were introduced at Liberal insistence in 1987;

● *We will encourage wider* share ownership by a scheme which gives more people a direct tax incentive to become small investors;

● We have long been committed to trade union reform aimed at giving unions back to their members and we have taken the lead in promoting the extension of postal ballots and internal elections and have vigourously opposed pre-entry closed shops. Trades unions are an essential element in the protection of the employees' interests, which is why we would return union recognition to GCHG members. Our central aim is to make unions democratic and accountable and therefore entitled to positive rights including the right to recognition and the right to strike balanced by the acceptance of their responsibilities to their members, their industries and to the wider community.

● To reduce industrial conflict we support a system of referring disputes to independent arbitration prior to any industrial action. We will also encourage the establishment of freely negotiated strike-free agreements especially in the provision of essential public services.

● We will take action through equal opportunity and contract compliance policies to eliminate discrimination against ethnic minorities and women;

● We will actively promote measures that give employees with family responsibilities minimum rights to parental and family leave.

Agriculture

The Alliance will promote a healthy farming industry. We must arrest the precipitous decline in farm incomes of recent years. Our policies for aligning supply and demand of *agricultural produce* are designed to secure fair returns for farmers' efforts. Adequate price and income *support is* required to enable necessary farming adjustments to be made.

● We will join the exchange rate mechanism of the European Monetary System to lower interest rates, promote financial stability and prevent unfair discrimination against British farmers through overvaluation of the green pound.

● The Alliance will work to reform the CAP: the policy has achieved secure food supplies but has gone on unchecked to produce wasteful and hugely expensive surpluses. Many farmers who borrowed heavily on inflated land prices to meet production demands are now threatened with bankruptcy. The Alliance will secure the income of British family farms by negotiating adequate guaranteed prices for determined quantities of production, with additional quantities disposed at much lower floor intervention prices: a two-tier pricing system. An eligible tonnage for each member-state will be agreed to take into account the differing farm structures in the Community.

● We will seek a fairer share of milk quota for British producers and the retention of the right to quota transfer and leasing. Transfer of quotas through an agency would create a pool of quota to be administered by the Milk Marketing Board and would help small family farms.

● We are committed to supporting the less favoured areas, and ensuring that the upland beef and sheep industries are safeguarded through differential premia and retention of the sheepmeat regime.

● We shall increase Government support for effective marketing schemes for farm produce at home and abroad. Farm-based processing and marketing co-operatives will be assisted to retain more of the selling price of foodstuffs in rural communities.

● We will encourage conservation, the reduced use of chemical inputs, organic farming and less intensive methods of livestock production. The Government's cuts in agricultural research, education and advice will be reversed. Special efforts will be devoted to lowering input costs. The Alliance will sponsor partnership between Government and industry to promote both research into new uses for farm produce which will help to sustain incomes and into the improvement of animal welfare.

● We will encourage farmers to diversity taking account of the needs of tenant farmers and other small family farms. We will make annual payments for the upkeep of important amenities such as walls, hedges, footpaths and meadows. We will provide further support for the custodianship of areas of environmental importance, and the encouragement of mixed *forestry on the farm* with establishment grants and annual payments for growers. We will propose clear *guidelines* for land use to assist diversification and to protect the countryside.

● The Alliance rejects proposals to rate farm land or buildings. We also reject the Government's proposals for a poll tax which will apply to farmers and farm workers and, unlike Alliance proposals for local government income tax, is not based on the ability to pay.

● The Alliance wishes to support new entrants to the farming industry, and therefore proposes the retention of County Council smallholdings and the promotion of tax incentives to encourage landlords to let more land.

● We would promote local rural employment, including farm-based tourism, through properly funded rural development agencies and by means of a credit scheme which would provide working capital at low rates of interest to agricultural and rural *industries*.

● We will also encourage the establishment of a Credit Union (or Farm Bank) designed to help farmers secure finance at fair and reasonable rates.

Fishing

The Alliance in government will act to strengthen the contribution the fishing industry can make to the livelihood of rural communities.

After many years of turmoil from the loss of traditional distant water fishing grounds and the protracted negotiations for a fair Common Fishing Policy, what British fishermen now need above all is stability to plan and invest for the future. We will:

● **Improve the conservation of fish stocks by the use of licensing and technical means that** will safeguard stocks and decentralise the administration of quantitative controls so as to give fishermen greater responsibility for the management of necessary conservation measures with the flexibility to recognise regional differences.

● **Strengthen the European Community Inspectorate so as** to achieve fair enforcement by all member-states.

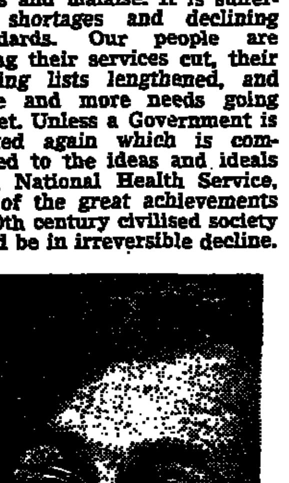
● **We will support better vocational training**, fish processing and marketing and export promotion under the co-ordination of the Seafish Industry Authority.

● **We would not impose light dues on fishing vessels.**

The Alliance believes that these policies will help to secure jobs, greater prosperity, greater fairness and a sense of pride in the industries upon which our future depends.

—Health and community——

The National Health Service is in a state of fundamental crisis and malaise. It is suffering shortages and declining standards. Our people are seeing their services cut, their waiting lists lengthened, and more and more needs going unmet. Unless a Government is elected again which is committed to the ideas and ideals of a National Health Service, one of the great achievements of 20th century civilised society could be in irreversible decline.



Alan Beith: Liberal deputy parliamentary leader

● We will back the National Health Service by increasing its budget so that by year five it will be £1bn per annum higher than that planned by the Conservatives. Our Health Service was once the envy of the world: now the strains under which it is working are well known, and we are losing some of the best health professionals who can no longer do the job they were trained to do because of inadequate resources. We aim to restore a sense of pride in the Health Service and to give it a new sense of direction. Our priorities for change are:

● To provide prompt medical treatment for those who need it, regardless of who they are or where they live. There are huge inequalities between and within regions of the country in availability of hospital treatment and family doctor services. We would set aside special funds—building on the recently introduced funds to cut waiting lists—to back good practice. The Conservative Government has increased prescription charges by 240 per cent over the last eight years which is much higher than inflation. We will not increase prescription charges beyond the inflation rate.

● To promote good health, not merely to treat illness. This means targeting resources in health education, promoting healthy eating, tightening up food labelling and facing up to the problems presented by smoking and alcohol abuse. We will ban advertising of tobacco *products. Our policies to deal* with unemployment, poverty and poor housing are crucial in reducing ill-health. The primary health care team working with family doctors must be built up and their preventive work expanded. There should be more screening, including well-women clinics, with efficient follow-up for known risk groups.

● *To create a new innovation* fund, to tackle inequalities in health care, improve the "cinderella services," and to fund new developments and new priorities in health care; this will have an initial life of five years, with a budget which will total £250m in the first three years. This will be in addition to money spent on creating new jobs caring in the *community*.

● To make "care in the community" a reality. We are not prepared to see patients turned out of the old institutional hospitals without adequate facilities to care for them in the community. We want to support "carers" who look after elderly and handicapped people in their own families and their own homes. We intend to introduce a carers' benefit, and we want carers to have more opportunities for a break from their responsibilities.

However, we recognise that for some people good institutional care remains the best solution.

● To strengthen patients' rights, through statutory access for the individual to his or her own medical files, through more opportunities for patients to participate in decisions and through stronger community health councils.

● To give real independence to the Health Education Authority.

● To restructure the nursing profession along the lines proposed in Project 2000.

In the longer-term we want to see health authorities brought under democratic control through regional assemblies and, for the districts, democratic control at local level, but the NHS has suffered so many bouts of re-organisation under successive governments that for the moment the priority must be to let those running the service get on with the job.

● We would remove the centralising pressure to make all authorities do things in the same way, and we would leave authorities with more freedom to decide, for example, whether privatisation of services was likely to improve patient care or not; we would give these authorities more direct control over their budgets.

● We uphold the right of individuals to use their own resources to obtain private medical care, but we will not allow private medicine to exploit the NHS by using facilities at subsidised cost and we will work to end the delays which *give rise to* "queue-jumping" through private medicine.

Right to treatment

No client of the NHS should have to wait longer than six months for hospital treatment. No-one should be kept waiting for years in pain, with unnecessary crippling disabilities for lack of a hospital bed. Patients should have the right to treatment in other authorities where there is spare capacity.

The Alliance will work to ensure that every patient receives hospital treatment for routine operations within six months of referral by a GP. The backlog of people waiting is now of crisis proportions. We estimate it will take two years to reduce the maximum waiting time to one year. We aim to reduce this to within six months during our first term of office.

To end long waiting lists District Health Authorities and Health Boards will be empowered to:—

● Buy and sell hospital treatment from each other to obtain the best and quickest service;

● Buy services from other Districts with surpluses. Selling services between DHAs would be a new incentive for good management practice rather than penalise success;

● Pay travelling costs for patients who cannot afford transport out of their districts;

● Appoint more hospital doctors and negotiate with consultants so that they give priority to their NHS waiting lists rather than on private practice;

● Ensure an increased number of places in local hospitals for convalescence and community care to release beds for acute treatment.

GPs will need to have full computerised information on waiting lists when they make their first referrals. There are already substantial funds within the NHS for computerisation and the Alliance will ensure all GPs can be linked to hospitals nationwide.

In consultation with the medical profession, we will draw up and regularly review a list of routine operations such as hip replacement for which all patients should expect treatment within our six month target.

In consultation with District Health Authorities, we will agree allocations of extra resources, taking into account the numbers of patients from outside their area that Districts are already treating.

The vital role of the voluntary sector

In health and in many other fields of service the work of volunteers and voluntary organisations is vital: the Alliance sees no benefit in state monopoly, and welcomes the dedication, innovation and *diversity which the voluntary* sector can bring. We want a more stable framework for the voluntary organisations making them less dependent on short-term funding which can be misused by local councils and government departments as a means of exerting political control in the voluntary sector. We will:

● Expand opportunities for *individual voluntary effort, giving* young people, for example, the chance to volunteer full-time for a year without losing their social security entitlements and by linking existing voluntary groups with new initiaties;

● Ensure that experience gained by volunteers is given proper accreditation to enable those without traditional qualifications to gain access to further and higher education;

● Ensure adequate public core funding to enable voluntary organisations to take full advantage of tax concessions on payroll giving and individual donors;

● Support services which advise voluntary organisations on how to develop their management skills and structures to ensure staff development and better service delivery;

● Support and help to widen the network of Citizens Advice Bureaux, Law Centres and other legal advice services.

ENDING POVERTY

We can and will relieve many thousands of people from the burden of poverty.

Poverty in Britain is getting worse. The Conservatives' taxation and benefit policies have redistributed income from the poor to the rich, from people with dependent children to single people and childless couples, and from one group of the poor to another group of the poor. This is unjust and unacceptable. The Alliance will tackle poverty by targeting much higher benefits to those with the lowest incomes in relation to their needs. We will help families with children. We will improve benefits for the disabled and those caring for elderly and disabled relatives at home.

Our proposals fall into two parts:—

First, we will, over the first two years, improve the incomes of pensioners, families with children, the unemployed, disabled and carers. These improvements will be paid for in part from increasing public expenditure by a net £1.75bn by the second year. The remainder will be paid for from increased tax revenues and from changes which will make the tax system fairer.

The second phase of our proposals *will be a restructuring* of the tax and benefits systems to create one integrated system which will be simpler and fairer.

Double pension at Christmas

The £10 Christmas bonus has become hopelessly inadequate to meet the extra spending pensioners and widows face at Christmas.

We will increase the bonus by paying a double pension in the first week of December. A single person will receive £39.50 and a married couple £63.25. The net cost will be £268m.

The immediate package

Pensioners

● We intend to concentrate the bulk of extra spending on helping poorer pensioners with incomes on and just above the state retirement pension. We will increase the basic state retirement pension by £2.30 a week for a single person and £3.65 for a married couple. This will include the forecast update of the pension in 1988. For poorer pensioners we will introduce an additional benefit of £3.70 a week for single people and £5.75 for couples. This will increase the incomes of poorer pensioners in total by £6 per week (single person) and £9.40 per week (couple).

● We will introduce a Death Grant of £400, recoverable from the estate of the deceased, specifically designed to help pensioners with a small amount of savings feel confident that most of their, or their spouses, funeral costs will be covered by the Grant.

● We will require standing charges for gas, electricity and telephones to be abolished for everyone.

Child benefit

● We will increase child benefit by £1 per child a week in the first year and by a further £1 per child a week in the second year.

Maternity grant

● We will introduce a maternity grant of £150 for the first child born in every family and of £75 for the births of each subsequent child.

Families in work

● We will add £5 per week to the family credit due to be introduced in April 1988 as a replacement to family income supplement. These families will also gain from the extra child benefit. Unlike the Conservatives we will retain at this stage free school meals and milk for family credit recipients regardless of whether the families are in work or not; this will ensure equal treatment with families dependent on benefits.

Families out of work

● We will increase the family premium under the income support scheme by £5 per week and, *in this first phase, we will* increase the net amount per child received by income support families by £2 per child per week.

Roy Jenkins: Alliance economics spokesman

Single parents

● We will increase the single parent premium for income support recipients by £1.10 a week, single parents will also benefit from the increased child benefit and, if their earnings are low, from the extra £5 on family credit. If they are not in paid employment they will benefit from higher family premium and the child additions.

Young people

● The Conservatives' benefit changes include setting a new low personal allowance for unemployed 18-24 year olds with a higher personal allowance for single people 25 and over. We do not support this discrimination based on age and we will abolish the 18-24 income support rate to ensure that all single people receive the same amount of benefit.

Long-term unemployed

● We will establish a new premium under the income support scheme for the long-term unemployed without dependent children of £3.50 a week for a single person and £5 for a couple.

Social fund

● We will not place cash limits on the social fund and we will replace loans with grants. We will establish clear criteria of eligibility for special payments and a right of independent appeal and will ensure that the very poor receive extra money to cover heating costs.

Housing benefit

● We will not impose a 20 per cent rates charge on those with very low incomes as the Conservatives plan to do from April 1988. We will not implement the Conservatives' proposed cuts in the funding of housing benefit.

The total gross cost of this immediate package over two years is £3.6bn and the net cost is £1.75bn, which will be met from our planned expansion of the economy. *Part of the cost* of the package will be met by changes to the tax system, and by starting to phase in independent taxation for married women.

We will change the current personal tax allowances into a standard allowance worth the same value for all taxpayers and will not uprate the married's man's tax allowance. Pensioners', single person's and wife's earned income allowances will continue to be uprated with inflation. We will confine mortgage tax relief to the basic rate of tax, so that all taxpayers benefit equally from it at the same rate.

People with disabilities

Charter for independence

The biggest handicap faced by people with disabilities is the barriers put up by the rest of us to their participation in society. The Alliance therefore supports measures which reduce the physical and attitudinal obstacles faced by those with disabilities and which enable all to enjoy as many as possible of the opportunities which are often taken for granted by the able-bodied.

We believe that the majority of people with disabilities wish to live an independent life in the community and in their own home. In support of this we will:

● speed up the full implementation of the Disabled Persons Act 1986;

● increase the income of people with disabilities who are dependent on benefits by £3.50 per week and provide additional financial support through our tax and benefit proposals;

● ensure that "care in the community" policies are properly co-ordinated and funded, unlike the current situation which has been described by the Audit Commission as resulting in "poor value for money and unnecessary suffering."

● tackle discrimination against disabled people through our proposed new Bill of Rights and the Human Rights Commission;

● support the voluntary organisations of and for disabled people and ensure that they are properly consulted on matters which affect them;

● ensure that the needs of disabled people are taken into account in housing, public buildings and by public transport operators. We would expand support for the specialised transport which can often be the key to independent living for people with limited mobility;

● improve the provision of education for those with special needs, in colleges as well as in schools, backed by a National Advisory Committee.

People caring for dependent relatives

● We will legislate through the Carers' Charter for carers needs. *We will replace Invalid* Care Allowance by a more generous Carers' Benefit.

We will seek to improve the position of people with disabilities in our society:

The second stage

The next stage will be to implement our structural changes to the tax and benefit systems. We will replace income support and family credit *by a new basic benefit, for* those in or out of work. Basic benefit entitlement will be gradually reduced as income rises. Child benefit will be payable to all alike, whether they are in or out of work.

We will introduce legislation *to merge the tax and benefits* systems, and employees' NICs with income tax at a high threshold. These structural changes will not come into effect until the second Parliament.

In the meantime we will continue to freeze the Married Man's Tax Allowance, and this extra revenue will enable us further to improve benefits for families with children, people with disabilities and carers.

Our longer-term objectives

● We will reform capital taxation *to encourage wider distribution* of gifts and legacies;

● Wider tax relief for savings, including savings directly invested in small businesses, ending the artificial distinction between income from earning and income from investment;

● We would move towards an equal and flexible retirement age for men and women giving everyone the right to retire *at any age from 60 to 70, with* a reduced pension for those retiring below 65 but protection for women currently approaching retirement at 60;

● We will aim to restore the link between pensions and average earnings, broken by the present Government, which will become more feasible if our plans to achieve growth while restraining inflation are given the chance to succeed.

EDUCATION: THE ESSENTIAL INVESTMENT

We will increase investment in education and training by an additional £2 billion per annum beyond that planned by the Conservatives by the fifth year.

Britain lags far behind our main industrial competitors in the proportion of our people who receive higher education, further education and skill training. Basic research is seriously underfunded. As a result, industry lacks the qualified and skilled people it needs, and individual are not given the chance to develop their potential.

We aim:

● To widen access to *education*;

● To raise standards in schools;

● To increase research;

● To provide more effective taining and skills.

Our schools are in turmoil. The decision of the two largest teachers unions to conduct a series of strikes in protest at the removal of their bargaining *rights by the Teachers Pay and* Conditions Act, means another term of disrupted education for the children of England and Wales, with especially serious consequences for those taking public examinations this summer. Many of these pupils have suffered repeated disruption of their schooling over the past three years; they are innocent victims of other people's actions.

To continue with the current Government's present policy, which would deny to the teachers negotiating rights for the next three years, cannot create the mutual trust between the teachers, the local education authorities and the Secretary of State that is essential to improved morale in the profession. Without an improvement in morale, pledges of higher standards are in vain; higher standards in the schools can only be achieved by a committed, self-respecting teaching profession.

The teachers unions have been divided among themselves on pay and conditions. That is why the Alliance urged earlier this year in the House of Lords that an independent review body should put forward recommendations as a basis for negotiation. That was done by the Main Committee in Scotland; after an agreed settlement, disruption ceased in Scottish schools.

The Alliance believes that the Government should make it clear that teachers pay and conditions would be imposed for the current settlement only: and that an indpendent review body would be established to make proposals on teachers pay and conditons as a basis of negotiation. We understand and sympathise with the teachers anger at the removal of their negotiating rights. We would restore them. But the action by the teachers unions should cease. It does nothing to achieve *their aims*. It is damaging pupils' education, is alienating public opinion and undermining the standing of teachers in the community. It is in no-one's interest that it continues.

Investing in quality

A national programme for raising educational standards—The Alliance TEN-POINT PLAN.

● Encouraging progress: We will require all schools, both maintained and independent, to publish indicators showing progress in academic results related to intake and social factors such as community involvement, truancy and delinquency.

● Setting goals: We will ask each school to set targets for improvement—in the case of maintained schools, in consultation with their local education authority.

● *Assisting improvement:* We will institute "special inspections" of schools which regularly fall below a certain level in terms of progress achieved.

● Rewarding excellence: We will institute an annual "Queen's Award" for schools, to be judged by an independent panel of experts, for outstanding progress, teaching and curriculum innovation and success.

● Promoting professionalism: We will establish "teacher fellowships" as one-year awards to outstanding teachers.

● Spreading technology: We will develop Information Technology Centres as resources of technological expertise in collaboration with local colleges, polytechnics and universities and computing.

● *Enriching experience:* We will initiate a pilot project of summer schools, targeted on inner-city children, to enhance performance across the curriculum; we will approach independent schools to participate and make their facilities available for these summer schools.

● Boosting numeracy: We will inaugurate a national campaign, backed by advertising and television.

● Involving parents: We will launch pilot projects for parental involvement in schools.

● Empowering parents: We will establish a "code of good practice" for local education authorities including:

Parents having a voice on education committees;

LEAs publishing their policies on home/school links;

LEAs appointing an advisory officer with special responsibilty for developing a closer partnership with parents;

The training of parent governors.

The Alliance plans:

● To create a united Department of Education, Training and Science, and put local education authorities in charge of much of the local training work of the MSC.

● To restore negotiating rights to teachers and to create a General Teaching Council to enhance professional standards, which will also be suppoited by more in-service training and appraisal to ensure that good teachers do not have to leave the classroom to become administrators in order to achieve adequate rewards and status.

● To raise standards in schools through increased resources for books and materials, doubling teacher training in shortage subjects such as maths, science and computing, through special funds for innovation, through a stronger Inspectorate and through a broad and balanced curriculum established by consensus providing for a core range of subjects to be studied by all pupils but allowing for local needs to be reflected and innovation to be tried.

● To make available one year's pre-school educational experience for all children.

● To develop the potential of each young person by the wider use of profiles and records of achievement, by discouraging *early specialisation* by reforming the A-level examination so that it covers a wide range of subjects over th earts-science divided, by positive action to encourage girls to take up subjects previously dominated by boys, and by seeking to build on achievements rathe rthan merely penalising failure.

● To enable schools to have full charge of their own budgets, as the Alliance has done in Cambridgeshire, ensuring that a fully representative governing body is accountable for making the most effective use of the available money.

● To get rid of artificial divisions at 16 by taking steps towards a single system of education and training allowances, replacing the present arrangements which make YTS schemes more financially attractive than further study.

● to develop tertiary colleges where local conditions are appropriate.

● A crash programme to overcome skills shortages, with an expansion of training and re-training facilities under the guidance of local education authorities, giving representation to trainees in the management of schemes.

● A training incentive scheme to encourage employers to increase their commitment to training; companies spending above a certain quota on training would receive a rebate.

● To enable the long term unemployed to take up vacant places in further and higher education courses without losing benefit, with the student able to leave the course immediately a job becomes available.

● To widen access to further and higher education by an immediate restoration of benefits taken away by the Tories, plus a 15 per cent phased real improvement in student support.

● To recognise that education is a life-long process, and that more people need to return to it at different stages of life either to learn new skills or to acquire basic skills, we will seek to make access to higher and further education for

Continued on Page 8

UK NEWS – THE ALLIANCE ELECTION MANIFESTO

Continued from Page 16

mature students easier and to strengthen those institutions which are specifically geared to their needs: the European Social Fund should be widened to help in this area.

● To guarantee a period of free further education based on Open University levels of funding for everyone over 18 to be taken at a time of their choice.

● **To restore confidence in our Universities, Polytechnics and Colleges** by according proper recognition to their value and increasing so far as possible the resources available to them, by expanding scientific research, which has been severely cut, and widening access. We will increase the number of students by 20 per cent over five years as a step towards our goal of doubling the proportion of our young people going into higher education by the year 2000. The higher education sector would have a major part to play in our crash programme to overcome skill shortages; we intend to create a Higher Education Council to co-ordinate the planning of both sectors of higher education; we support corporate status for Polytechnics but oppose the Government's plans to bring them under national control;

● **Improved education provision for those with special needs,** in colleges as well as in schools, backed by a National Advisory Committee;

We recognise and would uphold the rights of those who wish to pay for independent education in the private sector. We would phase out the Assisted Places scheme without affecting pupils already in the scheme, so that money which has been diverted from the state system can once again be used to raise the standards in state schools. We believe that charitable tax reliefs in private education should only go to genuinely philanthropic activities, and would review the workings of chairty law with that object in view. We will encourage greater co-operation between state and independent schools.

An Alliance for young people

The Alliance seeks to give young people the opportunity to shape their own lives and play a full part in their community. Our policies are designed to provide a platform for young people to speak out and to increase their financial independence.

● We will build on the YTS to turn youth training into a fully comprehensive, high quality vocational and educational programme for 16-19 year olds;

● We will offer a job guarantee for our young people who have been unemployed for over a year;

● Our "Rent-a-Room" scheme will help to satisfy the need, particularly among single, young people, for rented accommodation and will make it easier for them to travel to seek work;

● We will abolish the 18-24 income support rate so that all single people will receive the same rate of personal allowance.

● We will review the duties of local authorities to house the homeless and in the first instance will aim to give 16-18 year olds leaving local authority care, a statutory right to be housed.

● We will get rid of artificial divisions at 16 by taking steps towards a single system of education and training allowances, replacing the present arrangements which discourage young people from continuing in full time education.

● We will restore student benefit entitlements, make a 15 per cent phased real improvement in student support, increase the number of full time equivalent students by 140,000 (20 per cent) in five years and double the number by the end of the century.

● We will reduce the age of candidature to eighteen to enable young people to take a full part in local and central government.

GREEN GROWTH

There cannot be a healthy economy without a healthy environment. We will take proper care of our environment.

Under an Alliance government every aspect of policy would be examined for its effect on our environment, which we hold in trust for future generations.

● We will ensure Britain takes the lead in promoting sustainable economic growth and investment in new technologies designed to remove pollution and thereby create new job opportunities.

● The Alliance will set up a new Department of Environmental Protection headed by a Cabinet Minister who will be responsible for environmental management, planning, conservation and pollution control, and promoting environmental policies throughout government. Among the priorities of this department will be:

● Powerful disincentives to polluters based on tougher penalties and implementation of a "polluter pays" principle for cleaning up the damage backed by support for good practice;

● The safest possible containment and disposal for industrial waste, with recycling wherever feasible;

● Clean Air legislation setting new standards, with tough measures to deal with acid rain and an acceleration of the phasing out of lead in petrol;

● Introducing a statutory duty for both private and public sector companies to publish annual statements on the impact of their activities on the environment and of the measures they have taken to prevent, to reduce and eliminate their impact.

● Protection of the green belt round our cities.

The Alliance is opposed to privatisation of the water authorities, which would hand over vital environmental responsibilities affecting rivers, sewerage, water quality, pollution control and fisheries to private hands. These functions should be restored to democratic control.

Energy and the environment

We will institute an energy policy which meets the needs of industry and the domestic consumer and has full regard to the environment. Britain is in a better position than many other countries to do this because of the natural assets we have. Alliance energy policy avoids dependence on any single source of supply and is based on:

● More prudent use of our oil and gas resources so that they are not depleted too quickly;

'We aim to widen access to education, raise standards in schools, and provide more effective training'

● Continued modernisation and development of the coal industry, including new coal-fired power stations with measures to prevent acid rain and more help to areas affected by pit closures; the power to license coal mines would be transferred from British Coal to the Department of Energy to prevent abuse of monopoly;

● Much more research and development work on renewable energy sources, including wind, solar, wave and geothermal energy; we will vigorously pursue proposals for tidal barrages such as those suggested for the Severn and the Mersey, subject to taking the environmental impact into account;

● Far more effort into energy efficiency and conservation, including higher standards of insulation in homes and encouragement of Combined Heat and Power schemes; nevertheless there will need to be a programme of replacement and decommissioning for power stations which are reaching or have reached the end of their design lives.

● Existing capacity and planned coal-fired power stations are enough to meet our needs for some time to come and we see no case for proceeding with a PWR at Sizewell or other nuclear power stations at the present time. Safety must come first and after Chernobyl there is clearly a need for a wider investigation into the safety of nuclear power, and there is also a need for a thorough and independent review of the economics of nuclear power generation.

We will continue research into nuclear fission power including research into the fast breeder reactor which may be needed if renewable resources prove to be less viable than we believe. We remain committed to the Joint European Torus (Jet) nuclear fission project.

There is a serious problem concerning the disposal of nuclear waste, and further studies will be commissioned to solve the problem as satisfactorily as possible. We do not believe that this critical matter should be rushed and therefore advocate on-site storage until suitable methods which have proved to be safe are available.

● We would abide by the international convention (the London convention) which prohibits marine dumping of nuclear waste.

The environment is under particular stress in two areas: the cities and the countryside. The Alliance is determined to protect and improve the quality of life in both.

Improving the quality of life in the inner cities

Our cities are in danger of changing from having been centres of initiative and activity in the past into industrial deserts, pessimistic about their future. The division and bitterness in Britain that Conservative neglect in central government and Labour control in local government have brought about are seen at their worst in our major cities.

Urban neighbourhoods need be no less distinct and individual than rural communities but the Labour and Conservative attitude has been to regard the city — and particularly the inner city — as one huge problem area and as a battleground for the class struggle. Those who live there know better and are appalled at the damage inflicted on the close, caring communities of the past.

'We will set up a Department of Environmental Protection responsible for managing the environment and planning'

The Alliance believes that the strong city cannot survive without strong neighbourhoods. We have confidence in the ability of those who live in the inner city to renew their own communities, but they must be given the political and economic tools to do the job. Too many of the people who serve the inner cities in professional jobs live in suburbs remote from local problems.

● Through a partnership of the public and private sectors we would invest in housing, schools and the infrastructure to encourage those who work in the inner cities to live there.

● We will make attractive residential accommodation available and closer to the city centre to end the twilight ghettos that assist the mugger and the burglar.

● We will support opportunities for local people to work in their own community, to establish new businesses through local enterprise agencies and to train for needed skills.

● The Alliance will use the Urban Programme to establish community centres, enhance voluntary groups and assist tenants to manage their own estates.

● We will promote the establishment of elected Neighbourhood Councils with statutory parish status, where there is clear demand.

Genuine law and order depends on communities supporting the police in preventing crime and being confident enough to end the anonymity on which criminal activity thrives. Renewing our cities and enabling urban communities to develop a real sense of stability and security is the only sound way of preventing and detecting crime.

Protecting and enhancing our countryside

The Alliance seeks to provide better opportunities for those who live and work in the countryside, to check decline and depopulation (especially of young people), to support small businesses and to encourage self-help solutions to rural problems.

● Our agricultural policies are designed to allow farmland to remain in use rather than being set aside. However, our planning strategy will allow for alternative land use which is in keeping with, and makes a sensitive contribution to the local rural economy.

● **We will give strong support to the Development Commission and COSIRA,** in their efforts to promote local enterprise and to re-use existing buildings for these purposes. In regions where Development Agencies are set up they will promote a co-ordinated approach to the rural economy. Rural areas with severe economic problems should be designated to receive aid from the European Community regional fund;

● **We will encourage imaginative schemes to maintain essential facilities in the countryside** such as rural transport, village schools, call boxes and sub-post offices, all of which have been threatened under the Conservatives; nationalised industries and privatised monopolies such as British Telecom should be placed under stronger obligations to recognise rural needs;

● **We will conserve our heritage of buildings.**

● National Parks, areas of outstanding natural beauty and green belts should be fully protected, with those who live and work in these areas having a full, democratic voice in planning policies and recognition given of the added problems they face;

● Forestry policy should place more emphasis on broad-leaved species, and larger scale afforestation should be subject to a special system of planning controls.

● **We oppose the privatisation of the Forestry Commission;**

HOME START

A new deal for first-time buyers. Owning a home of one's own is most people's dream but not everyone can afford the high cost of taking the first step. We will open the door to home-ownership for thousands more—the young and the not-so-young—to enable them to cope with the initial problem, buying a home, when their resources are most stretched.

We will build on and considerably improve the existing Capital Home Loan Scheme with a tax credit of up to £1,000 for every new buyer. This will give first time buyers the benefit of lower monthly repayments at the start of their mortgages.

All those eligible will have average incomes for the two previous years not exceeding £20,000 (joint) or £10,000 (single). A ceiling will be worked out, region by region, on the price of the home purchased, so as to exclude people rich enough to buy very expensive homes. We estimate this will cost around £50m per annum once the scheme is fully underway.

Stamp Duty. We will abolish Stamp Duty on house purchases for everyone participating in "Home Start." Stamp Duty now stands at 1 per cent on purchases priced at above £30,000. Abolition would be worth at least £300 and could in the south-east be worth £600 to a first-time buyer.

BETTER HOUSING

We will take action to deal with homelessness and bad housing. Housing is a vivid example of the Conservatives' cynicism. The Government decided the narrow rules restricting local housing powers, cut back the capital sums available and is now blaming the local housing authorities for the housing crisis such national decisions cause. In particular the restriction of spending on housing to only 20 per cent of the money coming to local authorities from capital sales makes no financial or social sense. We will remove the restriction.

● We will tackle the problem of homelessness;

● We will give tenants more control over their environment and more choice.

● We will provide more choices for private tenants;

● We will give the elderly and disabled more opportunities to move to more suitable housing or to adapt their present homes;

● We will stop housing problems from restricting economic opportunities—it is no use getting "on your bike" to find work if the only available jobs are in places where there is no affordable housing accommodation;

● We will require each housing authority to draw up a housing strategy to determine what are the areas of need and how they can best be met working with voluntary organisation, housing associations, building societies and the private sector, as Alliance groups on local councils are already doing;

● We will open up a new" partnership" sector of rented housing funded by building societies and institutions with a central government contribution to keep rents at reasonable levels; these schemes would be run by their tenants as co-operatives with the support of local councils and Housing Associations. In the long run we want public support for housing costs to be even-handed between those who rent and those why buy;

● We will target our housing assistance on those who most need it. We will promote mortgage schemes which can open up home ownership to a wider variety of people, such as index-linked mortgages and shared ownership; we will improve the availability of home improvement grants to home owners to maintain the fabric of their properties for the benefit of the whole community;

● We will retain the right to buy. We also wish to give local authorities enough discretion to deal with local housing shortages. Parliament must ensure that limits are set on such discretion to ensure that it is not used to deny the right to buy to tenants in general, and that anyone who is precluded from buying his or her present home is given the opportunity to buy another property on comparable terms through portable discounts.

● We would restore to councils the right to spend the proceeds of council house sales on replacing and repairing housing stock;

● We will insist on higher design standards in public housing, more and greater recognition of the contribution that good community architecture can make to the quality of life and we want investment directed wherever justified rather than demolition;

● We will incorporate rights for council tenants to control and improve their houses in a statutory tenants' charter.

● We will set up a national mobility scheme covering all sectors of housing;

● Once more homes are available because of the Alliance's housing strategy, we will extend the staturory duty of local authorities to provide for the homeless ,phasing in extensions to the 1977 act beginning with single people over 40 and young aged 16-18 leaving care or who are otherwise homeless.

Rent-A-Room

There is a desperate need for rented accommodation, particularly for single people and couples. There are millions of owner-occupied houses and council houses in Britain with spare rooms.

Many are deterred from renting by the present rentals red tape. Another crucial factor is to make it easier for people to travel to seek work. We will act to enable owner-occupiers and council tenants wishing to let a room in their own home to do so more easily, and to their financial advantage.

● Rental income up to £60 per week will not be subject to income tax or capital gains tax.

● We will legislate to invalidate clauses in mortgage contracts or local authority letting contracts that prohibit such lettings.

● Re-possession of such rooms will be made easier.

The "Rent-a-Room" scheme will be restricted to owner-occupiers, council tenants, or tenants of housing associations, letting a maximum of two rooms in their home.

The rent will be determined by the market, but only rental income up to a total of £60 per week will be disregarded by the Inland Revenue.

We will legislate to impose a duty on local authorities to issue and regularly review licences to approved agencies, such as housing associations, housing aid centres, or commercial agencies, in their area to operate the scheme. Such agencies will enter into contracts with both landlord and tenant, and will be responsible to the landlord for ending any tenancy arrangement within a fortnight. Court procedures will be speeded up to ensure that possession in all genuine cases is obtainable in that time.

The "Rent-a-Room" scheme will benefit many people.

First, it will help single people and couples, particularly the young, and those moving in order to get work to find suitable accommodation, where at the moment it is both scarce and expensive.

Second, it will help owner-occupiers, including elderly people, to increase their income, to assist with mortgage repayments or with the maintenance for their homes; it should help some young families to be able to afford to become home owners for the first time.

Home Income Plan

For many elderly people their only capital is their home and they do not have a regular income. Elderly home owners on low incomes, in fact, are becoming one of the most deprived sections of the community. The proportion in low standard homes is double that of the population as a whole and many others in good homes are short of spending money.

To enable Britain's elderly home owners to live more comfortable, independent and happier lives we will introduce a tax-assisted Home Income Plan. It will significantly increase their income or provide money for essential house expenses and repairs.

The Home Income Plan will enable them, if they choose, to unlock the capital value of their homes to meet their need for more income now.

They will be able to take out a mortgage on part of the value of the house and use it to buy an annuity providing regular income. The interest on the loan will be added to the capital sum so that neither interest nor capital need be repaid during the borrower's lifetime.

Although several leading building societies and life assurance companies offer home income plans at present, they are of limited value because the interest has to be paid gross after the death of the borrower. Yet tax relief is allowed if the borrowers reduce their income by repaying the interest during their lifetime. Neither method gives really fair value and so only 25,000 home income plans have been taken out.

We will make Home Income Plans a really worthwhile benefit for older people by allowing them to postpone the interest payments and qualify for tax relief when the interest is finally repaid. This could, on life assurance industry calculations give an 80 per cent boost to the income of a woman in her 70s.

Tax relief for pensioners aged 70 or over who take out Home Income Plans would cost less than £40m, assuming a 70 per cent take-up. The cost would take time to build up and would not be incurred all at once.

Transport

We will maintain public transport.

Wider car ownership has improved the quality of life and enhanced the freedom of millions of people, which we welcome; at the same time, transport policy has to deal with the problems of congestion and road safety, which arise from busier roads, and hat to ensure adequate public transport for those who do not have access to a car, including many women, young people and the elderly. While so many people have greater freedom of travel than ever before, significant minorities now have significantly less opportunity to travel than previously, especially in rural areas and some outlying housing estates.

The Alliance believes that;

● Deregulation of bus services under the Conservatives was botched. Bus services could only survive if they paid for themselves, leaving many elderly people and single-parent families isolated in their own homes. The Alliance supports comprehensive competitive tendering for a network of necessary bus services, with local councils involved in planning and financing them. This combines greater enterprise and new ideas with more care for deprived groups and areas. Local councils and transport authorities should use their subsidy powers to ensure that essential services are maintained and that public transport in cities is attractive enough to reduce congestion resulting from commuting by car;

● We will undertake a major renewal of road, rail and port infrastructure as part of our programme of measures to tackle unemployment; we will build more by-passes and a designated national heavy lorry network to get more of the vehicles out of the towns, villages and residential areas;

● We will support investment in our rail network both to encourage the transfer of freight from road to rail and to ensure that the nations and regions of Britain all share in the economic advantages of the Channel fixed link;

● The Conservative Government has presided over a decline in our merchant fleet which threatens our national economic and security interest. We would entrust the lead role in co-ordinating maritime policy to a senior member of the Cabinet; and we would seek to help the industry through the present crisis by positive financial support and a determination to ensure fair play in world shipping markets.

Arts, Broadcasting and Recreation

We will ensure that people have the opportunity to enjoy the arts and physical recreation and to develop their own potential through these activities. To help achieve this aim we will double arts funding within the lifetime of one Parliament.

● The Alliance will set up a unified Ministry, headed by a Cabinet Minister, to have responsibility for the arts, broadcasting, films, publishing, leisure and recreation—these activities are at present scattered amongst Ministries within which they are of minor significance and are subject to control rather than enhancement;

● We will further decentralise funding for the arts, channelling it through enhanced regional arts associations and the Scottish and Welsh Arts Councils;

● Wherever possible we will replace grants with endowment trusts providing greater stability and independence for the arts with a mix of public and private funding;

● We will co-operate with artists to achieve better deals through stronger copyright and public lending right laws;

● We regard the BBC World Service, the British Council and the provision of educational facilities for overseas students as very effective cultural ambassadors and we will ensure that increased funds are available to carry out that task;

● We will secure the maximum access to sports facilities for the whole community.

Animals

● We will strengthen the protection of animals.

A civilised society treats animals with care and compassion. An Alliance Government will, therefore, set up an Animal Protection Commission which will considerably improve control over the welfare of animals in laboratories, farms, zoos, slaughter houses and circuses, as well as domestic and wild animals, and at a reduced cost, by unifying all existing Government responsibilities in this field. The Commission will be given extensive powers to advise, inspect and enforce legislation, and to review the effectiveness of existing legislation to deal with cruelty, in particular police entry powers and the power of the courts. The Commission will include fair representation from animal welfare organisations as well as users.

BRITAIN, EUROPE AND THE WORLD

The Alliance will ensure that Britain's foreign and defence policies help to bring a fairer and safer world. The things we want to achieve in our own country will not be possible unless we co-operate with other countries to achieve a fairer and safer world. Our concern that people should have basic human rights and a decent life cannot stop at the Channel. The huge public support for famine relief, the vigorous public debates on peace and defence and the public compassion for those suffering from oppression in many parts of the world refute the narrow-minded view that world affairs are not an election issue in Britain.

Our aims

The Alliance is firmly internationalist. Opportunities for international co-operation have been thrown away by the Governments of the post-war years, when Britain needed to develop a new role and new relationships in a changed world.

'We will build on the YTS to turn youth training into a comprehensive vocational and educational programme'

We see the future of the United Kingdom as being bound up with the future of the European Community. As an enthusiastic and committed member of that Community Britain can significantly influence political and economic decisions.

Britain is also a member of the Commonwealth and should be using that position to develop concerted policies on eradicating hunger and on issues such as South Africa and Namibia, yet Mrs Thatcher has made such agreement impossible and treats respected Commonwealth leaders with disdain.

Britain should take the lead in seeking international agreement on selective, targeted sanctions, backed by help for the Front Line States, as a means of increasing the pressure for an end to apartheid in South Africa.

Britain should have a sufficiently mature relationship with the United States for the British Prime Minister to make clear where British foreign policy departs from that of the President of the day. The British Prime Minister should disavow such ventures as the bombing of Libya and support for the Contras, as so many Americans do, rather than allying with the most conservative forces in the White House.

On defence and disarmament, Britain should be firmly committed to the achievement of multilateral disarmament and firm in our acceptance of our responsibility towards collective security through Nato: the Alliance rejects the one-sided approach which characterises both the escalation of our present nuclear capacity through Trident and Labour's decision to remove all nuclear weapons from British soil without securing the removal of those weapons which could threaten us.

The Alliance believes that Britain should take a lead in seeking international efforts to tackle the basic problems of the poorest countries of the world, particularly the burden of debt which is crippling their efforts to feed their own people and the need to get a fairer system of international trade which is not biased against the poorer countries.

Europe

The European Community must be the basis of a united Europe which has common policies on trade, technology and social policy, and encourages Europe's scientific and industrial development. We believe Labour's negative attitude to the European Community, and the obstructiveness of Mrs Thatcher's Government, not least in vetoing the proposed European Community programme for co-ordinated research and development, is short-sighted and unconstructive. In a world of superpowers, Europe has to speak with a united voice.

The Alliance would:—

● Ensure fair elections to the European Parliament by proportional representation to give proper rights to the people of this country;

● Seek reform of the Community's political institutions so that the bureaucracy is properly accountable to the European Parliament, and that the Council of Ministers shares power effectively with the Parliament;

● Work for reform of the Common Agricultural Policy so that it no longer dominates the Community budget, and to develop Community policies on regional development, social and employment issues;

● Support European initiatives to put effort and resources into developing advanced technology; we would accept the negotiated European Community co-ordinated research and development programme;

● Make it easier for companies to sell throughout Europe;

● Extend the common rights of citizenship in Europe.

Global Co-operation

An Alliance Government will:

● Increase British support for the United Nations, develop its capacity for peacekeeping, restore Britain's membership of UNESCO and increase British backing for the UN agencies such as the High Commission for Refugees;

● Develop Commonwealth and European co-operation on a wide range of issues, including sanctions against South Africa designed to increase pressure for an end to apartheid and peaceful change before war becomes inevitable; we are also determined to end South Africa's illegal occupation of Namibia;

● Increase efforts through international co-operation to deal with the threat of terrorism;

Peace and Security.

We will promote disarmament while maintaining sound defence

Everything we prize most highly could be threatened by the destruction of our freedom through armed intervention or threat, or by the destruction of a world which now contains a massive arsenal of nuclear weapons. But at long last there is now an opportunity to halt the arms race. The Alliance is determined to combine sound defence against any possible threat with determined efforts to reduce and even remove the massive nuclear stockpile, which causes increasing anxiety to the peoples of the world. New opportunities for arms agreements are being opened up by the changed priorities of a new Soviet leadership: we cannot afford to assume that this new and welcome trend in Moscow will continue unchecked, but at this delicate and hopeful stage it is vital that we have a British Government determined to seize the opportunity to drive sensible bargains on arms control which are secure because they are seen on each side as being realistic. Britain cannot defend itself or the values of western democracy alone, just as it cannot achieve international disarmament solely by its own actions: both the other Parties have chosen in different ways to ignore the reality that our defence and disarmament efforts are interdependent with those of other countries.

● The Alliance is committed to Nato, and we accept the obligations of Nato, including the presence of Allied bases and nuclear weapons on British soil on the basis of clear arrangements for a British veto over their operations including where appropriate, dual-key systems; we believe it is essential to strengthen the European contributon to Nato;

● The Alliance welcomed the outline agreement discussed at Reykjavik to remove all intermediate nuclear weapons from Europe, and Mr Gorbachev's later acceptance that such a deal should not be linked to the future of the US Strategic Defence Initiative; The Aliance believes that this must be only the first, vital step in a continuing process which will include both shorter-range nuclear weapons and conventional forces.

● The Alliance would withdraw UK support for President Reagan's Strategic Defence Initiative, which clearly involves breaching the ABM Treaty, is destabilising and is likely to lead to further escalation;

● We will seek to revive negotiations on a Comprehensive Test Ban; In the meantime Britain should itself ban nuclear weapons testing and should encourage the US to do likewise;

● We would seek a battlefield-nuclear-weapon-free zone in Central Europe extending 150 km in each direction from the East-West divide;

● We believe that Nato relies too heavily on nuclear weapons at all levels for deterrence. A strengthened European pillar, involving effective defence co-operation and improved conventional strength would better enable Western Europe to move towards the elimination of dependence on first use of nuclear weapons. Nato should adopt strategies and weapons which are more self-evidently defensive in intent and which are concerned with minimum deterrence;

● We want to see a new initiative achieve Mutual and Balanced Force Reductions and we would be prepared to include Britain's nuclear weapons in disarmament negotiations;

● We would continue Britain's efforts to achieve a multilateral treaty prohibiting the manufacture, development and possession of chemical weapons. In the meantime, we would oppose any manufacture of fresh stocks of chemical or biological weapons;

● In government we would maintain, with whatever necessary modernisation, our minimum nuclear deterrent until it can be negotiated away, as part of a global arms negotiation process, in return for worthwhile concession by the USSR which would enhance British and European security. In any such modernisation we would maintain our capability in the sense of freezing our capacity at a level no greater than that of the Polaris system. We would cancel Trident because of its excessive number of warheads and megatonnage, high cost and continued dependence on US technology. We would assign our minimum deterrence to Nato and seek every opportunity to improve European co-operation on procurement and strategic questions;

● We would seek to reduce the flow of arms to areas of conflict and to ensure that arms from Britain are not supplied to repressive regimes, particularly for their internal security operations.

SHARED EARTH

The Alliance will:

● Increase the share of Britain's GNP which goes in development aid, which has gone down from 0.52 per cent to 0.33 per cent under the Conservatives, so that we reach the UN target of 0.7 per cent by the end of a five-year parliament;

● Concentrate aid on raising the living standards of the poorest through more rural development, environmentally sustainable resource use, promotion of self-sufficiency, recognition of the role of women, appropriate technology, training and education, making full use of experience and expert voluntary agencies;

● Seek to increase awareness of development issues through more resources being devoted to development education;

● Change the situation in which many poor countries pay more in debt repayments to rich countries than they receive in aid by seeking international agreement on dept rescheduling and cancellation;

● Combine the aid-trade provision and the overseas development administration's "soft-loan" facility with the overseas projects division of the Department of Trade and Industry and the export credit guarantee department into one division of the DTI—help to British industry will no longer be taken from the aid budget.

CONCLUSION

The Alliance came into being to achieve these things. From three sources came the political ideas and momentum which are now carrying the Alliance forward. One was Liberalism, a long and honoured political tradition from which we draw not only the philosophy of individual freedom but also a record of achievement in the establishment of the modern welfare state and the championing of local communities. The SDP combines a commitment to social justice and ending poverty with a dynamic approach to wealth creation and its leaders have extensive experience of government. A third element, which has ensured that the strength of the Alliance is infinitely greater than the sum of its parts, is the support of those who have never before been members of a political party, because no party seemed to offer them the chance to realise their aims. Their numbers continue to grow.

The Alliance is therefore different. It involves two political parties working together, and taking along with them the great mass of people who are dissatisfied with the politics of recent years, the kind of politics which is so dismally displayed in the shouting match of the House of Commons at Prime Minister's Question Time. All political parties involve compromises between different views and different strands of opinion — the Labour and Conservative parties each embrace an enormously wide range of opinion. But for them the spirit of compromise, if it operates at all, has to be concealed, kept within the party and denied in public. We make no secret of the fact that our programme draws on the ideas of our two parties and that we are keen to work together to achieve shared goals. Like the others we seek to put our entire programme forward for endorsement and to form a majority Alliance Government, but unlike the others the whole approach of the Alliance underlines our belief that if we are in a balanced Parliament we must heed the message of the voters and work with the other parties to seek an agreed programme which commands the widest possible support.

The Alliance is different also because it is not the voice of any one section or interest. It is not paid for and controlled by the trade union movement, as is the Labour Party, and

Continued on Page 20

MASTERS OF THE UNIVERSE AND BARBIE ARE TRADE MARKS OF MATTEL INC.

All he needed was the right sort of handling.

He is Moss Man. A Master of the Universe. Enemies cower and cringe at the sight of him.

Yet he has now met his match.

Price Waterhouse Man. A Master of Warehousing, Distribution and Transport.

Mattel, the makers of Moss Man, Princess of Power and Barbie, called us in to design their new distribution centre.

We analysed Mattel's product range, growth strategy and service objectives, then drew up plans for the building.

Working with the contractor, our consultants then designed its storage and materials-handling system, specifying the type of racks, pallets and fork lift trucks.

The warehouse is now in operation, handling Mattel's range of over two hundred toys. It may lack the grandeur of Castle Grayskull, or the charm of Barbie's Dream Cottage, but it's a down-to-earth solution that works efficiently in practice.

In a way, it's typical of our approach to management consultancy. We prefer warehouses to ivory towers. We have a healthy scepticism of theory, preferring to adopt a 'hands-on' approach.

Even if, occasionally, it means getting to grips with the likes of Moss Man.

Price Waterhouse

TECHNOLOGY

The first of a monthly column appraising key technological developments in the US

Clones make most of empty IBM shelf space

EAGLE EYE

by Louise Kehoe

WHO said that IBM's new System/2 personal computers would make life difficult for the "clone" makers? The FT . . . no comment. Well, we were in the good company of IBM watchers and industry analysts the world over.

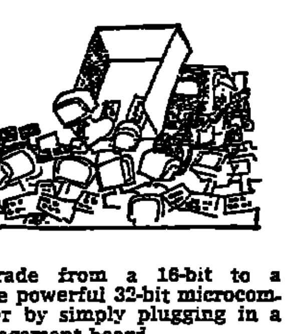
What nobody foresaw was IBM's virtual retreat from the market for its established models, the PC XT and PC AT. Now, widespread shortages of these machines are creating an unexpected sales boom for the compatible suppliers, which have moved quickly to fill gaps on dealers' shelves.

More predictable was the round of price slashing that is now underway. Among the major US personal computer makers to announce price cuts in the wake of the IBM announcements are Wyse, Tandon, Hewlett Packard, AT & T, and NCR.

And even if the boom in sales of old model "compatibles" is short-lived, new personal computers that match the performance of the most powerful versions of the System/2 have already been launched by Wyse Technology, a major US compatible maker.

The new Wyse machines do not "clone" IBM's designs, but they will be able to run the new Microsoft operating system, adopted by IBM, and any applications software designed for OS/2 when such programs become available. "Users don't care what is inside the box, so long as it is compatible on the outside," says Phillip White, president of Wyse.

Indeed, Wyse claims that its new machines have flexibility that IBM's lack. A modular architecture enables users to



upgrade from a 16-bit to a more powerful 32-bit microcomputer by simply plugging in a replacement board.

IBM, it now seems, will have plenty of competition for its Personal System/2. In addition to Wyse's announced products, Compaq has upgraded its Deskpro 386, the first 32-bit, 386-based personal computer to run faster than IBM's new models, and Tandy has promised that it, too, will offer a 386-based PC this year.

One hitch may be that Intel last month discovered a fault in its 386 microprocessor design. This has forced the chipmaker to remake the masks used to manufacture the complex chip. Although Intel says that it has fixed the problem, supplies of the microprocessor will be limited for some time.

Statistics point to chip market downturn

Forecasting is a particularly dangerous practice in the volatile semiconductor industry. Even top executives in the business have been hopelessly bad at it. Today the industry's seers are cautiously predicting a boom. But once again they could be wrong.

"The surge in chip sales which began in January will lose momentum in the coming months," says Professor Moshe Handelsman of Santa Clara University. The marketing research professor has developed a statistical model that has been remarkably accurate over the past year at predicting the ups and downs of the chip business.

While commercial market researchers base their forecasts on the opinions of analysts, Handelsman's model is purely statistical and is based on factors that influence the consumption of chips in end-equipment markets.

Can statistics outperform the "gut feeling" forecasts that the industry has relied upon for years? The next six months will tell.

The professor is forecasting a downward trend in new orders for the next several months, while most industry analysts have recently raised their sales forecasts for the year.

Prophets of doom are seldom popular, but the professor points out that his forecast could be very valuable to industry decision makers. "They can adjust their inventories and plans, and avoid a disaster like that in late 1984 when people expected continued growth and invested in expanding production capacity," he explains.

Was that plums or racoons?

As trade with the People's Republic of China increases, would-be exporters face the vexing problem of how to prepare documents in the Chinese language. Although Chinese can be written in the Latin alphabet using "Pinyin" this and other translation systems are less than precise. The Pinyin word "li," for example, can mean plum, pear, crime,

beauty, plague, racoon, dysentery or 99 other unrelated things.

Dr H. C. Tein, a Michigan physician has, however, spent 20 years developing a solution. His Pinxxie (pronounced Pinshay) intermediary language translates more than 16,000 of the most commonly used Chinese characters into the English alphabet.

And Dr Tien has created a personal computer program that enables an IBM PC or compatible to convert Pinxxie into Chinese characters. "It's an historic link between the two written languages," he says. "Anything you can do in English on the computer, you can now do in Chinese."

He sees his program, called PX 2001, being used in word processing, telecommunications and Chinese language publishing. He recently formed a company, Chinese Computer Communications of Lansing Michigan, to market the product.

It's the big issue down on the farm

The worst fears of those who disapprove of men tinkering with nature will be confirmed by a recent announcement by the University of California. Researchers there have identified a gene that is responsible for rapid growth in animals, and which could "have important implications for animal agriculture."

In less-than-reassuring tones, the researchers say they do not anticipate a barnyard full of larger-than-life animals in the near future. Instead, their research will focus on exactly how the gene works, and what it does and does not do. "As a result we may be better able to construct breeding programmes for more efficient growth," says Thomas R. Famula, assistant professor of animal science. "The ultimate result might change the criteria used in selecting animals for breeding."

Temperature climbs over superconductors

In the frenetic race to turn superconductor discoveries into real commercial applications, one of the key issues is finding materials that adopt superconducting properties at higher temperatures. Currently the record high is in the region of 95 degrees Kelvin, meaning that the material can be cooled using liquid nitrogen rather than more expensive liquid helium.

Now researchers at Energy Conversion Devices (ECD) of Troy, Michigan claim to have developed a material that loses all resistance to electricity at 165 degrees Kelvin. The ECD material could be cooled using freon, the coolant used in commercial refrigerators. This is far cheaper and easier to use than liquid nitrogen.

In another development, IBM researchers have found a way to "spray paint" large and complex surfaces with high temperature superconducting material. This raises the prospect of inexpensive, easy to apply magnetic shielding, computer wiring and other applications.

Using a common industrial technique called plasma spraying, IBM has been able to coat items such as preformed wires, tubes, and contoured and flat surfaces. Most materials and wires that IBM researchers have coated become completely superconducting at between 80 and 82 degrees Kelvin.

The IBM scientists say the new materials might be used as magnetic shielding. Superconducting "wires" for computer chip packages might also be made by plasma spraying, they suggest.

How cameras have got the measure of investigative work

BY JOHN CHITTOCK

IN A NOVEL marriage of media services, photography is being used in Britain to evaluate the efficiency of satellite aerial dishes. As part of its work in developing mechanical and optical measuring techniques, the National Physical Laboratory in the UK has applied photogrammetry to measure the accuracy of the parabola on a 10 metre satellite dish. The manufacturer's claim that checking the shape of their dish is "good to one millimetre" is important because it indicates the theoretical efficiency—or signal gain—of the aerial.

Photogrammetry is just one of scores of techniques where the camera is now used as an investigative tool. In this particular application, still photographs were taken of the dish from a number of fixed angles. By microscopic measurement of the negatives, reference marks on the dish were used to plot a three-dimensional contour of the shape of the dish. The dish was found not only to be outside the one millimetre specification, but also to vary at different angular settings due to "gravitational deformation"—that is to say the sheer weight of the dish.

Such precision of measurement has for long been one of the unique advantages offered by the still camera. With motion pictures, however, it is not so easy because of the movements involved. Kodak, however, has come up with one solution, for use in checking small components on manufacturing lines. The company's US subsidiary Videk has developed an electronic machine vision system that will accurately measure and check components as they whizz past cameras watching the production line.

The Videk system displays a video image of the component to be monitored and allows the operator to select up to 68 parameters on the picture as standard references to which all further components must conform. These references may be variously identified, such as by superimposed cursors defining shape or dimensions, and even by measurement of tonal density to establish the quality or texture of a surface.

Once the operator has set the parameters on the reference picture on the video monitor, this information is stored in a computer. When the production line is running, any components which fail to visually "match" the specification will be recognised automatically by the system.

There are, nevertheless, dangers in using the camera as a measuring instrument. Television viewers in Britain were recently able to see the first Huw Wheldon Memorial lecture, presented by Sir David Attenborough. His theme—"Unnatural History"—revealed some of the tricks and even deceptions which occur in natural history filming.

One sequence filmed by him many years ago captured a remarkable ritual of natives in the Pacific who, as part of an initiation ceremony, leapt to the ground from a high tower. The participants missed death by inches because a vine attached to their ankles checked the fall before impact with the ground. Sir David recounted how a Ministry of Transport scientist, studying the effects of road crash stress on the human body, borrowed the film to assist in his investigations. Months later, a weighty report appeared in which various calculations had been made based on measurements taken from the film—all of which assumed that the height of the tower could be established by the time the native took to fall. In fact, the film sequence contained cutaways of the watching crowd, even shots of different natives falling—so that the scientist had based his entire evidence on a miscalculation of the duration of the fall.

If more than one camera is used for making measurements, there must be an external reference standard common to all. However, every camera has its own, unintended and built-in identification system — in the frame masking around the negative. Tiny fragments of dust, clinging to the edge of the mask, intrude into the picture area—leaving their own unique pattern on every frame of film exposed.

This form of photographic fingerprint has enabled the police not only to identify stolen cameras — by matching the owner's negatives to those shot in a recovered camera—but even to proving that seized pornographic or espionage photographs were taken by cameras owned by suspects.

With the arrival of electronic recording, new impetus has been given to detective work of this kind. Videotape recordings of kidnap victims currently occupy the minds of some investigators—not only in trying to identify the backgrounds or even peculiarities in the lighting conditions but possibly the invisible electronic frequency data which may be unique to every videotape recording.

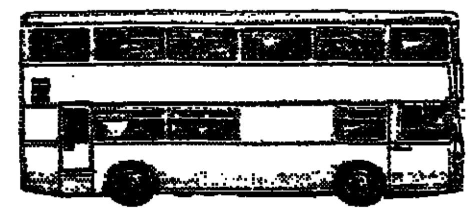
After the Watergate scandal, when dates of meetings were crucial evidence, it was claimed that audio-tape recordings made in the White House were analysed to determine the precise wave-form of the mains electricity supply; this varies during every day and is logged by local electricity stations on graph recorders — providing a reference for the date and time of any audio (or video) recordings with matching wave-forms.

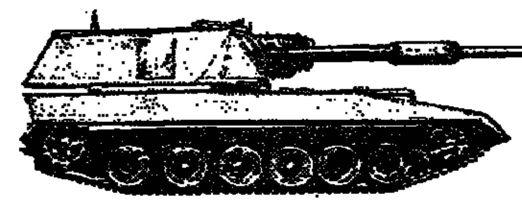
New technologies are joining the armoury of the camera investigators. For example, wave interference, the phenomenon on which holography relies, allows visual information to be recorded and analysed to the precision of the wavelength of light itself.

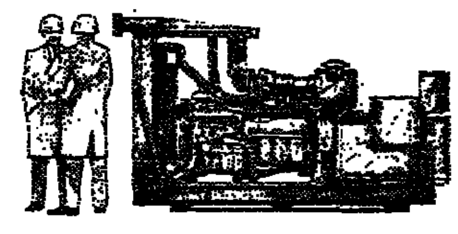
The influence of human beings cannot be ignored, however. One film sequence in the Huw Wheldon lecture, of caribou in the snow, demonstrated how the rifle microphone — the sound equivalent of the telephoto lens — would at a distance fail to record satisfactory "close-up" acoustics to match the visuals; so, for the sounds of hooves in crunching snow, tape recordings were later made in the studio — using the crunch of a ball of custard powder in a nylon stocking.

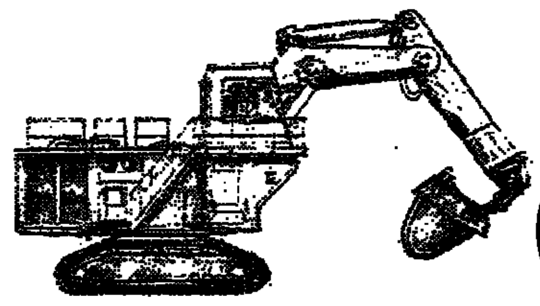
It exemplified Sir Huw Wheldon's philosophy about the camera as a mirror of reality — indeed, as an instrument of revelation: "If you want one kind of truth, go to the scientist; but if you want the perceived truth, go to the artist."

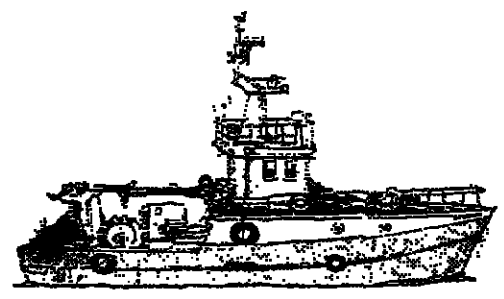
Cummins keeps  going.

Cummins keeps  going.

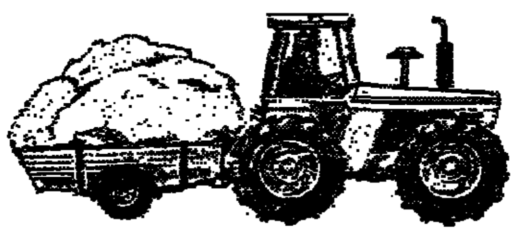
Cummins keeps  going.

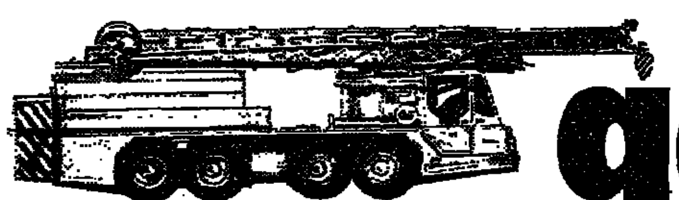
Cummins keeps  going.

Cummins keeps  going.

Cummins keeps  going.

Cummins keeps  going.

Cummins keeps  going.

Cummins keeps  going.

Every major British industry which relies on diesel power uses Cummins engines.

Over half of the British built heavy trucks currently being registered in the UK are Cummins powered.

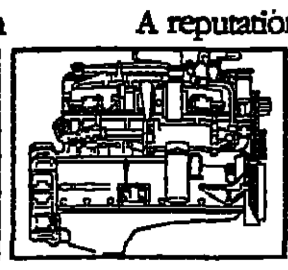
Many buses and coaches now appearing on British roads have Cummins diesels in them.

Virtually all major British manufacturers of construction equipment, cranes and generator sets offer Cummins.

And there's an ever increasing presence of Cummins power in rail vehicles, marine craft, agricultural machinery and military hardware.

Overall investment by Cummins UK in Britain now totals £135 million. But then ours is a product range worth investing in. In three major engine plants we're turning out diesel power units with a proven reputation for reliability and technological advancement.

A reputation, we might add, that earned no less than £155 million in export sales for Great Britain in 1986. No wonder Cummins keeps on going. The demand for Cummins power never stops.



CUMMINS KEEPS BRITAIN GOING.

CUMMINS ENGINE COMPANY LIMITED, 46-50 COOMBE ROAD, NEW MALDEN, SURREY KT3 4QL TELEPHONE: 01-949 6171

Lifebelt for ailing companies

Terry Povey examines Insolvency Act provisions which offer survival hopes for companies in distress

THE RECENT completion of the sale of Vosper Shiprepairers of Southampton, to Thew Engineering not only holds out the prospect that jobs might be saved at one of the UK's major shiprefitting facilities, it was also the first practical demonstration of a new approach to dealing with troubled companies arising from the 1986 Insolvency Act.

Faced with the prospect of collapse, the Vosper management and auditors Thosson McLintock called in accountants Price Waterhouse in mid-February. Using the provisions of the new Act, which came into force at the turn of the year, Mr Mark Homan, and Mr Peter Padmore, of Price Waterhouse, were appointed administrators of the ailing company by the courts.

Administrators are "an entirely new concept within the framework of insolvency legislation in Great Britain," say the accountants. An administrator is able to take over the running of a business and hold creditors at bay.

Under previous insolvency rules the debt-laden company would have faced either receivership or, eventually, liquidation. However, of the company's £4.5m outstanding debt, only the £2m owed to British Shipbuilders was secured in a form that would have allowed a receiver to be appointed. And, perhaps out of embarrassment at making any move against a company it had floated off not so long before, British Shipbuilders refused to appoint a receiver.

Under such circumstances other creditors would eventually have ha no choice but to seek the winding-up of the company – which, as liquidations take years, would have made saving anything but the bricks and mortar very difficult.

Like the Chapter 11 provisions in the US, the 1986 Insolvency Act allows for reconstruction but, unlike the American law, it does so without leaving the company's affairs in the hands of its management/owners (generally unpopular with banks and other creditors) or burdening the whole process by a lot of legal formalities.

The essence of the administration process is speed – the administrator, who has to be a licensed insolvency practitioner, has three months to put together rescue plans. Using the administrators' powers, Mr Homan was able to negotiate the sale of the bulk of shiprepairers to Thew for £617,000 as a going concern within two months.

Vosper Shiprepairers is one of the products of the 1985 rationalisation and piecemeal privatisation of British Shipbuilders. Part of the strategy was to sell off individual yards and non-core activities, such as the Southampton dry docks.

The heyday of Vosper's repair and refit work was five years' ago during and just after the Falklands war when more than 1,000 men were working in its dry docks. By October 1985, when a management buy-out for £1 to be followed by net asset value related payments at a later date) produced an independent Shiprepairers, the workload had shrunk considerably and only 220 employees were on the payroll.

Many people in the accountancy profession are sceptical about the usefulness of administrators – so the first few examples will be important test cases. At present several are in progress, a significant handful of them involve football clubs where the administrators have become interim chief executives running the business while debts and other problems are sorted out.

Mr Homan believes that suitable cases for the administrative treatment are most likely to be "small companies with no secured debt or very large companies." In the US some major companies, Chrysler for example, have been saved by going into Chapter 11, and Texaco is presently enjoying relief from creditor pressure through the same law.

There is clearly a close fit between the widening of the accountants' role and administration orders. Large accounting firms have developed a considerable financial advisory dimension, do not see auditing, the traditional diet of the profession, as a high growth business.

Mr Homan says that Price Waterhouse wishes to shift the emphasis away from simply the orderly disposal of assets towards reconstruction – and its insolvency department has been renamed to include 'corporate reconstruction' in its title.

At Vosper, Mr Homan was obliged to implement managements plans to make 152 of Shiprepairers' employees redundant as there was virtually no work in the yards. In the days before the Thew deal was formally completed the rest of the workforce was dismissed – although some could be rehired.

Mr Trevor Thew, the chairman of Thew Engineering, believes that 300 jobs will be created from the remains of Vosper Shiprepairers over the next year. "It may be a lot more than that if the number of subcontract workers used are included," he adds.

Thew employs 400 at the moment and has an annual turnover of £10m. With Vosper on board both figures could almost double over the coming year and the company may soon start working towards a stock market listing for its shares.

The outstanding debts of Vosper Shiprepairers are not being taken on by Thew. Mr Homan believes that asset disposals will raise some £2.5m, leaving a deficit to creditors of about £1.5m.

Reconstruction and Insolvency: The New Law in Practice, from Price Waterhouse.

Names on collision course with Lloyd's

BY ERIC SHORT

THE AUTHORITIES at Lloyd's, the London insurance market, are on a collision course with certain Names, or members, of the ill-fated PCW syndicate over the plan put forward by Lloyd's to resolve the problems of PCW, which collapsed in 1982 with estimated losses now put as high as £680m.

The plan put forward by Lloyd's last month sought to spread an estimated £137m of costs to meet the anticipated liabilities of the syndicates. It proposed that the Names themselves, the backers of the syndicates, should put up £34m; the various underwriting agencies, companies and insurance brokers involved in the affair £55m, with Lloyd's making up the balance of £48m from central funds.

In the words of Lloyd's chairman, Mr Peter Miller, the scheme offers a fair end to "one of the most shameful periods in the history of Lloyd's."

However, at a meeting in London last Friday some 450 of those Names hit hardest by the affair, made it clear that they do not consider the offer at all fair and they have no intention of ending the matter until they do get a fair offer.

These Names will be contributing between £25,000 and £100,000 though a few could be contributing over £200,000.

The overwhelming feature from the meeting is that many names and their advisers do not fully understand the details of the offer.

They want more time to consider the terms and to bargain on certain details, in particular the exchange rate basis used to calculate their share of the cost.

This confusion is apparently shared by other Names in the syndicate. The Additional Underwriting Agencies (No 3) the independent body set up by Lloyd's to look after the interests of all the Names, has asked for a fortnight's extension of the May 30 deadline for the offer.

It is expected that Lloyd's will announce later this week whether it will accede to this request. But it is doubtful whether even a fortnight's extension for more negotiation will satisfy those names hardest hit. Most of these names are represented by the PCW 1985 Committee, and could be called to pay what they regard as a disproportionate amount for the financial damage caused to the syndicates.

They want the offer to be rejected so that Lloyd's has to come back with another offer. Here lies the crux of the impasse.

Lloyd's feels that the offer is a fair one, and this is the view of the AUA. Mr Miller has constantly reasserted that it is the final offer.

However, the Names do not believe him, simply because they feel that neither Lloyd's or anyone else involved can afford to get embroiled in the resulting litigation that could take years to resolve.

Draft writs have already been prepared on behalf of certain Names against Lloyd's, Minet Holdings, the owners of PCW, the underwriting agencies and others. It would be extremely complicated and costly legislation that would be in everyone's interest to avoid.

Hence the feeling with some Names is that Lloyd's will ultimately have to buy them out on terms agreeable to both parties and that this is by no means the final offer.

The PCW 1985 Committee, to break up the impending log jam and get negotiations moving, intends to put forward its plans for a financial settlement. It hopes to publish details within a few days.

However, Mr Keith Whitten, spokesman for the Committee was emphatic that most Names accepted that they would have to make a financial contribution. The argument is over the amount.

The discussions have become a game of bluff and counter-bluff, reminiscent of the language used in employer/trade union negotiations.

But for a few names it is not bluff. They are considering legal action come what may, even if the present offer does get the necessary acceptance.

Iveco Ford truck plant to increase production

BY JOHN GRIFFITHS

PRODUCTION of Ford Cargo trucks at Langley, west of London, is to be increased shortly for the third time this year, bringing daily output up to 69 a day.

This compares with 50 a day at the low point last year, and means that plant, which employs 1,500, should produce 14,000 trucks this year – up 16.7 per cent from 11,994 in 1986, Iveco Ford Truck's director of industrial operations, Mr Trevor Cox, said yesterday.

Mr Cox was making his comments at a presentation of a number of changes and additions to both the Cargo truck range built at Langley, and Iveco van and truck imports.

They included Cargo models in the 9–15 tonne range, all of which now have disc brakes, Rockwell drive axles and parabolic rear suspension; a new 360 bhp Iveco Turbostar heavy truck model; and high-performance Turbodaily and Turbozeta panel vans, fitted with new turbocharged engines.

During a tour of the formerly Ford-owned plant, executives of the joint venture company formed by Iveco and Ford last June were at pains to stress Iveco Ford's long-term commitment to the plant.

Mr Cox said continuing investment of £7m–£8m a year in new products and facilities was envisaged, with a robotised paint plant as one future possibility.

However, Mr Felice Cantarocco, the joint company's chairman, questioned about Langley's long-term future, said he "could not forsee" what would happen when, as is logical, a rationalised Iveco Ford product range emerges in the 1990s.

The Langley plant is still working at well under single-shift capacity of 90 trucks a day. However, executives gave the impression that there was little prospect of this capacity being taken up through a decision to add complementary Iveco trucks to the assembly.

Even so, said Mr Cox, the present circumstances at the plant were significantly improved compared with the period up to the start of last year.

UK NEWS

Sharp increase in retail sales as incomes grow

BY RALPH ATKINS AND CHRISTOPHER PARKES

RETAIL SALES increased sharply in April, reversing an unexpected fall in March, according the the latest official figures.

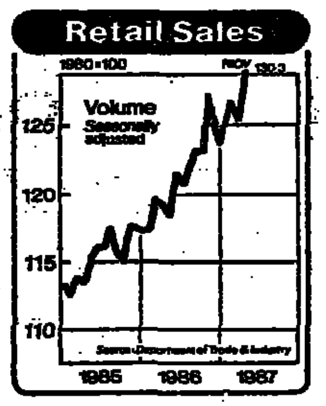
Provisional figures from the Department of Trade and Industry show retail sales increasing by 3.8 per cent in April – well ahead of expectations. In March sales fell by 1.2 per cent.

The department said the rise was due partly to strong Easter sales when many shops were open on both Good Friday and Bank Holiday Monday.

Sales were also helped by good weather over the holiday period and continuing high rates of growth in personal incomes.

In the next few months retail sales are expected to be boosted further by the effects of tax cuts announced in the March budget and falling interest rates. However, April's rate of growth is unlikely to be maintained.

The retail sales index has moved erratically in the last four months. In January it fell 2.5 per cent as a result of bad weather. In February, however, it rose by 2.7 per cent.



The March fall is largely unexplained; the department changed the index base in March and that may have blurred month to month comparisons.

In the three months to April the level of sales was 1 per cent higher than in the previous three months and 6 per cent higher than in the same period in 1986.

The retail sales index stood at 130.3 (1980-100) in April compared with 125.5 in March.

"If you look at the two months together, the improvement is something over 5 per cent," said Mr Richard Weir, director-general of the Retail Consortium, the retail industry's main representative body.

"This is much more representative of the trend we have been expecting."

Mr Ian Harwood, chief economist at Warburg Securities, said he believed retail sales would continue to be robust.

"Earnings are still running well ahead of inflation, the mortgage rate came down earlier this month, and people will soon be getting the benefit of the 2p tax cut," he noted.

All sectors benefited from the spending surge, according to Mr Weir. Clothing retailers did exceptionally well as the spell of fine weather encouraged purchases of spring fashions.

Channel tunnel backed by Lords

By Ralph Atkins

THE Channel tunnel will be the greatest engineering project in Europe ever undertaken by the private sector and will bring immense opportunities for industrial and commercial development, according to a House of Lords committee.

The committee, which examined the proposal by Eurotunnel, the Anglo-French consortium, attracted 1,457 petitions from a wide range of bodies and individuals and has made 109 amendments – but many of them are technical changes.

"We see it as clearing the way forward for the project. It is the final stage of consultation leading up to the last stages of legislation," said Mr Alastair Morton, co-chairman of Eurotunnel.

The bill still has a number of stages in Parliament before it receives the Royal Assent but, unlike public bills, it has not been lost by the General Election. Eurotunnel expect the bill to become an act in July.

The report makes a number of specific recommendations and criticisms of Eurotunnel but the amendments will not substantially alter the consortium's plans.

"We are content to note the comments that have been made. We will do what is appropriate to meet any changes that are recommended – but there are not very many of them," said Mr Morton.

The committee expresses unease about the institutional arrangements for the safety authority which monitors the health and safety aspects of the tunnel. But it says these fears could be allayed by the appointment of an independent chairman of high standing.

It says that because Eurotunnel is still developing its system for carrying passengers in their vehicles neither the safety authority or any other body is yet in a position to evaluate it.

The committee took evidence from a number of environmental pressure groups but is generally impressed by the measures proposed by Eurotunnel to alleviate any damage.

The report supports plans for arranging for customs and immigration checks to be carried out on board trains.

Special Report from the House of Lords Select Committee on the Channel Tunnel Bill. HMSO £7.

Midsummer bids £18.6m for Riley

By Clay Harris

RILEY LEISURE, Britain's largest manufacturer of snooker tables and operator of snooker clubs, last night was considering what shot to play after receiving an £18.6m takeover bid from Midsummer Leisure, the public house, discotheque and shop-fitting group.

Riley spent the whole day studying Midsummer's early morning move, and then stepped back again for another word with its adviser, Hill Samuel. It urged shareholders *to take no action in the meantime.*

Midsummer, formerly the investment offshoot of the Campaign for Real Ale, focused its criticism yesterday on Riley's "disastrous" diversification record.

After two unsuccessful forays into fitness equipment, Riley now relies entirely on snooker. As well as manufacturing and maintaining tables, it operates 66 clubs in the UK and two in Belgium.

Riley blamed a collapse in exports to Hong Kong for a 43 per cent fall in pre-tax profits to £429,000 in 1986.

Results, Page 32

Teaching unions plan more selective strikes

BY JIMMY BURNS, LABOUR STAFF

LEADERS OF the two main teaching unions in England and Wales yesterday dashed growing speculation over a tactical truce by announcing that they would continue their programme of selective strikes throughout the general election campaign.

The decision to continue industrial action was taken unanimously by officers of the National Union of Teachers (NUT) and the National Association of Schoolmasters/Union of Women Teachers at a joint meeting in spite of a plea from Mr Giles Radice, Labour's Education spokesman, for the strike to be halted.

Speculation that the the strike programme would be put on ice at the start of the election campaign had intensified since the beginning of last week when a left-wing move to instruct the NUT's national officials not to call off the action at yesterday's meeting was defeated.

But leaders of both unions appeared adamant yesterday that in their opinion the strike had to continue so as to insure that it remained an election issue and not allow the Government the chance to claim that it had won peace in the schools.

Mr Doug McAvoy, the NUT's deputy general secretary, said yesterday that it had no misgivings about not obeying Mr Radice, since "democracy is not just what happens every five years."

"This is a fundamental democratic issue which needs to be kept in the public eye," he said, in reference to the Government's decision to strip the teaching unions of their negotiating rights, which sparked off the current dispute.

Union officials are due to meet again tomorrow to discuss the details of the next stage of their strike action. Mr McAvoy indicated that they would take into consideration the election results, particularly if the Conservative Party failed to gain a working majority.

UK NEWS

Britain 'poised to take bigger trade share'

BY MAURICE SAMUELSON

MR JOHN BANHAM, director-general of the Confederation of British Industry (CBI), yesterday painted a euphoric picture of the state of the British economy. He claimed that exports per capita were a third higher than those of Japan.

"For the first time in a long time, our share of world trade is likely to increase, if only marginally, this year", he told a Coal Industry Society luncheon in London.

Business should also plan on the basis of a steadily appreciating currency, which he termed "one of the fruits of a strong economy."

Mr Banham, who took over his present job from Sir Terence Beckett two months ago, attempted to sound a non-party note, recalling the row which broke out when Sir Campbell Adamson, one of his predecessors, appeared to make a party political note during a previous election campaign.

Nevertheless, his remarks were notable for their resounding confidence in the progress of the economy under the present Government.

Announcing prospects of reversing a century of decline, he said that in Washington, the British Disease was "now seen as something to be caught rather than avoided". Here in Britain, Whitehall officials, for so long accustomed to explaining failures, "are having to reprogramme their word-processors."

Nevertheless, the strong currency created its own pressures requiring intensified efforts to raise efficiency and reduce costs.

He cited a manufacturing company which, with the sterling rate at $1.40 would have amde a profit of £75m. At £1.80, the same company's profits would fall to £15m and at £2.00 it would be losing money.

"We certainly want to see the strong currency reflected in lower interest rates and lower inflation and we want to see more investment in the infrastructure."

Turning to coal and other energy prices, he said after years in which British industry suffered from higher energy prices than its European competitors, the picture was changing thanks partly to the painful restructuring of the coal industry.

According to the CBI's latest survey of European energy prices, UK electricity tariffs were generally below mid-range, West German prices were consistently the highest by a significant margin. Dutch prices were now the lowest and French prices, traditionally the lowest, were only the lowest when load-management was taken into account, and then only marginally lower than those of the UK.

"In broad terms, including gas and heavy fuel oil, the energy supply and pricing situation in the UK has improved tremendously compared with five years ago," he said.

Guinness resolves dispute over shares with Ansbacher

BY CLIVE WOLMAN

GUINNESS, the international drinks company which is the subject of a Government inquiry, has resolved a dispute with the merchant bank Henry Ansbacher over the ownership of 2.15m Guinness shares, which has already prompted the resignation of four leading City of London bankers.

Ansbacher clients were persuaded to purchase the shares during Guinness's £2.5bn takeover battle for Distillers last year by the offer of an informal indemnity against losses given by Mr Roger Seelig of Morgan Grenfell, Guinness's merchant bank at the time. After the bid, the indemnity was honoured by the payment of £7.6m of Guinness money to Ansbacher, in possible criminal breach of the Companies Act.

When information about the deal leaked out in late December, Mr Seelig resigned as a corporate finance director, to be followed shortly afterwards by two of his superiors at Morgan Grenfell and by Lord (Patrick) Spens, of Ansbacher.

Guinness said yesterday the shares, which were held by an Ansbacher nominee company, were sold at the end of April, following the publication of Guinness's results. A sum of £7,419,191.40 will be released to Guinness later this month. In effect, the losses on the shares, believed to amount to about £800,000, have been split three ways, between Ansbacher, Guinness and Morgan Grenfell.

Morgan Grenfell has also kept the £48,000 dividend payment on the shares, which last autumn was passed back and forth several times between Ansbacher and Morgan as both sides denied ownership.

Meanwhile a similarly bizarre dispute has arisen over another set of disputed transactions arising out of the Guinness takeover battle last year. It concerns a $15,000 (£8,900) payment by Mr Thomas Ward, the US lawyer who resigned as a Guinness director last month, to Sir Jack Lyons, whom Guinness paid about £3m for his assistance during the Distillers takeover battle.

When the payment was made in November, shortly before the Trade and Industry Department inquiry into Guinness was announced, Mr Ward described it as an interest payment on a loan he had been granted by Sir Jack to purchase his luxury apartment in the Watergate complex in Washington for a sum of about $400,000. The apartment was conveyed to Mr Ward last summer. In mid-January, 10 weeks after cashing the $15,000 cheque, Sir Jack wrote back to Mr Ward saying that the payment was actually for the purchase of a piano owned by his wife that was in the apartment.

Guinness has now started a legal action against Mr Ward. It claims to be the true owner of the apartment, arguing that Mr Ward bought the apartment purely as its nominee. Guinness and Sir Jack claim that part of the £3m payment to Sir Jack was actually for the apartment.

Two weeks ago, a US district court in Washington dismissed a demand by Guinness which would have restricted Mr Ward's freedom to sell the apartment. Guinness however is pursuing the case, together with two others it has brought against Mr Ward and his law firm.

Amstrad to enter Japanese venture

By David Thomas

AMSTRAD, the fast growing UK consumer electronics company, is to open its first UK manufacturing joint venture with a Japanese company next week.

The venture with Funai Electrics of Japan will make Amstrad-branded video recorders at Amstrad's factory at Shoeburyness, Essex.

Amstrad sources most of its products from the Far East, although its Shoeburyness factory puts the final touches to some of Amstrad's goods. The factory, which employs 200-300 people, has until now been mainly involved in the production of Amstrad's audio products.

The new venture will begin by making about 5,000 video recorders a month, increasing to 10,000 a month as soon as possible.

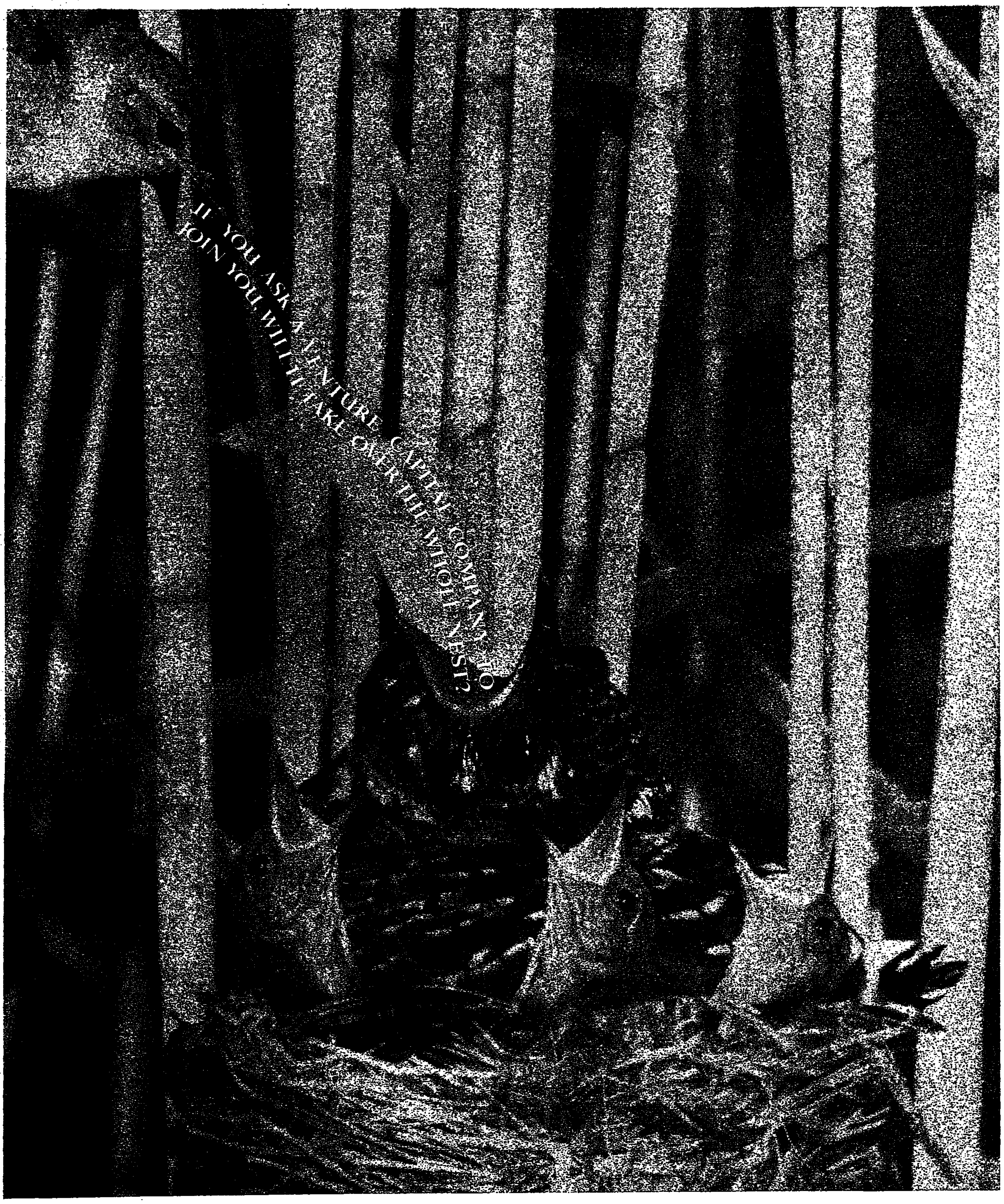
The venture is 51 per cent-owned by Funai and 49 per cent by Amstrad. The partners will be investing £2m in the venture.

Amstrad intends to sell most of these machines into other European Community countries. Having the video recorders assembled in the UK might help Amstrad avoid being caught up in the increased trade tension between the EC and Japan.

Mr Jim Rice, Amstrad production director, said: "We need to have a VCR manufacturing presence in the UK to enable us to get more products into Europe."

The venture will add at most 50 extra jobs to the Shoeburyness total. Mr Rice said Amstrad had chosen Funai because Funai had been making video recorders for Amstrad in the Far East.

Amstrad re-entered the video market in 1985-86, having previously pulled out of it when margins tightened. The company, which says it sold 125,000 video recorders in the second half of 1986, took a 6 per cent share of the 2.155m video recorders sold in the UK last year, according to BIS Mackintosh, the market research group.



Let's suppose, for a minute, that you need finance. For a management buy-out. Or to fund growth.

You may well be seriously thinking of asking a venture capital company to help you.

But you're going to need to work very closely with that company. And, if their attitude is wrong, all sorts of problems can develop.

Of which the simplest, and most devastating, is losing control of your company's future.

At Midland Montagu Ventures, however, we believe in taking a rather different approach.

For instance, you'll find that our staff have extensive business experience themselves.

Which means that they know business goes through good and bad times.

And our people are there to help you weather those bad times, offering practical help and sympathetic support.

What's more, whilst a member of our team may have a non-executive seat on your board, he has to leave the final decisions up to you.

After all, we can only succeed if you're successful – which won't happen if we take over the whole nest.

And, if this advertisement doesn't persuade you, you can always talk to the people in our successful investments.

The list stretches from Tie Rack to the David Lloyd Indoor Tennis Club. Along the way, we've helped to make some very talented businessmen into very rich businessmen.

If you're interested in taking the same route, call us soon.

John Brandon and Alan Marsh are waiting for your call on 01-638 8861.

MIDLAND MONTAGU

Midland Montagu Ventures

Westminster produces discouraging history for black candidates

BY JOE ROGALY

THERE WILL almost certainly be three black Labour MPs in the House of Commons in the next parliament. They will be the first non-white faces in the Commons for half a century.

The three front-runners, none of them to the right of the party, are all fighting seats in north London. They are Mr Paul Boateng, defending a majority of 10,159 in Brent South, Ms Diane Abbott, defending Hackney North and Stoke Newington with its 8,545 Labour majority; and the Conservatives' favourite Labour bogey-man, the left-wing Mr Bernie Grant of Tottenham, where there was a Labour majority of 9,396 at the last election.

There are 28 non-white candidates so far for next month's election, 14 Labour, six Conservative and eight Alliance.

Britain's first non-white MPs were Parsis. Mr Dadabhai Naoroji was elected Liberal MP for Finsbury Central, London in 1892, Sir Mancherjee Bhownagree, returned for the Tories in Bethnal Green North East in 1895 and 1900, and Mr Shapurji Saklatvala, won Battersea North twice, first for Labour in 1922 and then for the Communist Party in 1924.

In the House of Lords there are at present three non-white peers, Lord Constantine, Lord Chitnis and Lord Pitt.

If none of the leading black candidates wins there will doubtless be argument about whether voters were *put off* by their colour or their generally far-left image. Those three Parsis apart, the track record on colour is not auspicious.

In 1959 the then David Pitt, a Grenadian-born doctor, failed to win Hampstead, North London for Labour: the swing against him was half again as high as the national swing against the party. It 1970 he stood for the supposedly safe Labour seat of Clapham, South London and lost it on anti-Labour swing that was double that of the surrounding constituencies. Labour gave up and sent him to the House of Lords.

There are other discouraging stories. In 1983 Mr Boateng lost the "winnable" Hertfordshire West for Labour. But the portents are not all bad. Dr Muhammad Anwar, head of research at the Commission for Racial Equality, and author of "Race and Politics," a study of ethnic minorities in the British political system, reports that voters in general are now more likely to stick to their parties regardless of the candidates' colour than they were in the early 1970s.

Thus, in 1979, the two Asian Conservatives and Labour's Mr Russell Profitt did more or less as well as the national trend indicated that they should, although the Liberals came a cropper with their two black candidates. In 1983 17 of the 18 black and Asian candidates put up by the main parties held their parties' 1979 positions (the 18th was Mr Boateng).

The record suggests, according to Dr Anwar, "that if ethnic minority candidates are adopted in 'safe' seats they are as likely to win as any other candidates." This may be a touch optimistic, although it has turned out to be true in local government in London, which has the largest concentrations of black and Asian voters and a growing contingent of "ethnic" councillors. Three

Mr Bernie Grant

London boroughs have produced black council leaders.

The pattern, which is not unlike that in the US in which blacks moved first into city government, is being repeated in Bradford, Leicester, Birmingham, Norringham, and elsewhere.

Yet none of the three parliamentary candidates most likely to win next month is Asian, although Mr Keith Vaz, in Leicester East, and Mr Mohammad Aslam, in Nottingham East, both stand a chance if there is a swing to Labour.

Quite a lot would change if there were a large enough swing – for one thing Mr Boateng, a solicitor and a member of the board of the English National Opera, is regarded as a likely junior minister in a Kinnock Cabinet.

This is not to say that the Asian community is getting nowhere: they have 64 councillors in Greater London, as against 55 of African or West Indian origin. It is just that most of the voters whose origins lie in India or Pakistan have come more recently to politics.

Dr Anwar explains that many West Indians have regarded themselves *as British for a long* time; many Asians spent some years expecting to "go home" before realising that they were here to stay.

Others have calculated that if you set the register of voters against the census lists of "New Commonwealth and Pakistan" residents, the proportion that is not registered looks high. But if those who have kept their Indian or Pakistani passports are excluded from the arithmetic, Asian voter registration turns out to be only a few percentage points behind that of whites, and a point or two ahead of blacks.

Most West Indians and many *Asians have* voted *Labour*. According to Mr Marian Fitzgerald, in his recent Runnymede Research report, Black people and party politics in Britain, this is not so much because Labour is thought of as supporting blacks and Asians, but rather because it "supports the working class".

All the parties have had special sections for blacks and Asians, but in most cases they were in reality means of jollying groups of voters along in order to maintain their support.

In the Labour Party the tables have been turned. The blacks who *have for so long supported Labour* have allied themselves with Left-wing activists to demand a pay-off in either positions within the party or in policies.

That is the essence of the black sections debate. Many West Indian voters are naturally conservative, whatever their party allegiance. Some may be as turned off by the demand for black sections as it is supposed white voters will be.

Populist Tories aim to defend Rover heartland

Arthur Smith reports on Labour efforts to recapture a crucial West Midlands constituency, where a mass defection of working class voters gave Mrs Thatcher one of her most unexpected victories in 1979

MR ROGER KING scoffs at the idea he might live in an executive-type house. He points out that two of the neighbours in the street are bus drivers. His wife, Jennie, who claims to be recognised by all the checkout ladies at the local Sainsbury's supermarket, laughs at the reaction when she cleaned out the toilets at the local play group last week: "Everyone said they never expected to see a member of Parliament's wife doing such things."

Mr King, who snatched the Birmingham constituency of Northfield from Labour at the last general election, claims his is a new kind of Conservative association that is pulling in working people who would traditionally have voted socialist.

"We have learned a lot from the Liberal Party concept of community politics dealing with issues such as broken paving slabs and housing repairs," says Mr King, who moved with his family to Northfield immediately after election.

A likeable and unassuming 43-year-old Mr King stresses the need to be a full-time MP active in the highly marginal constituency. He concedes, however, his business interests in motor components distribution had already been damaged by the early Thatcher policies of high interest and exchange rates.

Few places illustrate more dramatically the changing political *landscape than this sprawling con*stituency which follows the line of the traffic-choked Bristol road south-west from the city centre. Roughly evenly divided between council and private housing, Northfield is dominated by the state-owned Rover Group's Longbridge factory.

In the prosperous postwar years the *Labour vote could* be weighed rather than counted .But in one of the biggest shocks of the 1979 election the seat tumbled to the Tories in what appeared to be a mass defection by Labour's working-class voters.

Perhaps more significant to the changing political scene both locally and in the evolving Thatcher years was the dismissal a few months later of Mr Derek "Red Robbo" Robinson, the Communist convenor at Longbridge – a blow from which the trade union movement within the factory has still not recovered.

It marked the assertion of management's right to manage and heralded the drive to raise productivity and remove outdated work practices which has seen the workforce almost halved to around 11,000.

Talking to the workers today, many of them on overtime, as they hussle through the main entrance, there is an indifference to politics and the trade unions – even the derisory cry of "Good old Maggie".

Trades union convenor Mr Dave Osborne maintains there is still "a climate of fear" in the factory induced both by unemployment and the hard-line management. He argues workers will rally solidly to Labour this time because the issue that will dominate the campaign will be the future at Longbridge.

The weekend news of the Rover Group record losses of nearly £900m would merely fuel existing uncertainty: "We have been promised the new AR8 car but that is two years away –a long time for a Conservative government that was even prepared to flog us off to Ford".

The Longbridge trade union activists will be supporting Labour but not in the manner of a decade ago when the factory would have been flooded with leaflets and propaganda. One shop steward explained: "*Management is now in the* ascendancy and the company says it has a policy of political neutrality so we won't be calling for support too publicly."

Red Robbo, now West Midlands circulation manager for the Morning Star newspaper and who fought Northfield four times for the Communist Party in the 1960s and 70s, says the constituency can "no longer afford the luxury of two working class candidates". He will be working for Labour.

But one man likely to want to keep his distance from such support is the Labour candidate. Mr John Spellar, an avowed right-winger – a tag he welcomes with amusement. He chuckles into his red beard: "Let's be reasonable and just describe me as a moderate".

Mr Spellar, former president of the Oxford University Labour Club and head of research with the electricians' union is , at 39, already a seasoned politician. He regained Northfield briefly for Labour with a majority of only 289 in a by-election in October, 1983.

He pinpoints the need to break through the current mood of euphoria surrounding the Conservatives and focus the electorate's thoughts upon the longer term issues of the future of the Longbridge *factory*, the *National Health Ser*vice, housing and provision for the pensioners.

He recognises the main obstacle as apathy, particularly among the growing number of long-term jobless. But his first task is to stem the anti-Labour feelings provoked by recent publicity over black sections in the *city – moves* by black activists to organise separately within the Labour Party.

Mr Spellar reported that in the final two weeks of campaigning in

the recent municipal elections Labour canvassers were hit by "a wave of hostility centred upon black sections and gay liberation". The Tories unexpectedly unseated two Labour councillors to make a clean sweep of all four wards in the Northfield constituency.

There is a latent undercurrent of racism throughout the West Midlands, even in safe white working-class constituencies like Northfield where ethnic minorities form an insignificant 3 per cent of the 75,000-strong electorate.

As one senior local Labour Party figure summed it up: "The crazy thing is that it was not the Tories but our own antics over the black sections that fired up the race issue".

Mr Spellar should start with the apparent advantage that his is a lively but moderate constituency party: it would have to be to choose such a candidate. Membership has held fairly steady at around 800 with a healthy representation of working class and trade unionists along with the sprinkling of university lecturers and professional people.

But for Mr Roger King, the man now living in the constituency, the forthcoming election campaign clearly began the day he was returned as the member for Northfield.

He says he has avoided attacking Labour and the Social Democratic Party/Liberal alliance on party political issues: "The fact I am a Tory does not affect my relationship with the people. I am trying to be like the local rector or doctor – the person who is concerned about their problems and will take up the issues."

Saturday for many was football's Cup Final day. For Mr King it was just another working day: holding the weekly surgery to deal with constituents' problems: ferrying his two sons, who are active in the local Boy Scouts movement, to a five-a-side football competition, opening a carnival featuring youth marching bands and majorettes, judging the children's fancy dress competition at a local school fête.

He is accompanied by his wife, Jennie, and toddler daughter, Laura. Pausing between handshaking, escorting Laura to the pony ride and retrieving her balloon he contemplates the issues.

"It's a two-party race here but really there is no alternative. People might not feel as enthusiastic about Margaret Thatcher as I do, but I am sure they will take the view that it is better to opt for the devil you know".

FINANCIAL TIMES

ISRAEL SURVEY

Please note that the above survey, originally scheduled for publication today, May 19, will now appear on **Monday, June 1.**

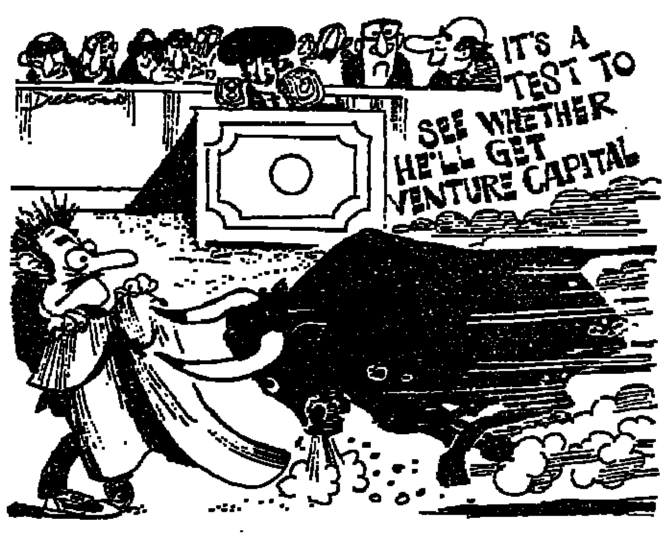
MANAGEMENT: Small Business

EDITED BY CHRISTOPHER LORENZ

Spain switches focus

Opening the door to 'handicraft' funding

Charles Batchelor on budget proposals for venture capital



FOR MUCH of the past 40 years big business has been the main motor of Spain's economy. Now, faced with tougher competition since joining the European Community 17 months ago, it is switching its attention to the smaller enterprise.

The Spanish Government last year introduced legislation to promote venture capital — capital-riesgo—as an additional source of finance for expanding companies alongside the more traditional forms of family savings and bank overdrafts.

At the same time a secondary stock market has been created to provide another source of finance for the growing company and an "exit route" for the venture capitalist and the company founders who want to realise their profits.

"Venture capital represents the handicraft way of providing finance compared with the standard approach which is adopted by the banks," Guillermo de la Dehesa, state secretary at the Economics Ministry told a meeting of the European Venture Capital Association (EVCA) in Madrid earlier this month. "It will help companies which cannot provide guarantees required by the traditional financiers."

Spain currently ranks as number six in the European venture capital league trailing Britain, the Netherlands, France, Belgium/Luxembourg and West Germany, though its rate of growth in 1984-85 was exceeded only by Germany and Italy, according to EVCA.

A more recent study by accountants Peat Marwick showed a further Pta 4.3bn (£20.7m) invested by venture capitalists in 1986, taking total investment to Pta 18.6bn (£89.4m) in 595 companies.

A company presented to the EVCA conference as an example of Spanish venture capital at work was Tina Menor, a hatchery for clams, oysters and turbot in the north of the country.

Spain ranks as one of the largest world markets for seafood products but Tina Menor remained a very small company from its founding in 1973 to a capital restructuring in 1984 which brought in new backers. They included Bancaja de Promocion Empresarial, the venture capital arm of Banco de Viscaya with 20 per cent and the publicly-owned regional development company of Cantabrica with 5 per cent. Production has leapt since the reorganisation and turnover rose from Pta 13m in 1984 to Pta 110m last year.

"The venture capitalists provided us with help in our strategic planning and in making contacts rather than with financial help," said Tina Menor's Gustavo Larrazabal.

To boost further the role of venture capital in Spain, de la Dehesa promised an easing of the legal framework established last year to permit the creation of venture capital companies. This legislation, which established tax concessions for venture capitalists, had been deliberately framed in a very cautious fashion to prevent abuse but this had slowed the development of the new financial sector, the minister acknowledged.

The revised legislation, which will form part of next September's budget proposals, is expected to comprise:

● A broadening of the present 10-30 per cent limit imposed on venture capital investments in Spanish companies. Investments of less than 10 per cent may be appropriate if deals are to be syndicated while a stake of more than 30 per cent might be needed to permit a management buy-out.

● An easing of the rule which requires at least five backers for each venture capital company.

● An extension of the time allowed to venture capital funds to reinvest the capital gains made when shares in an unquoted company are sold. At present gains must be reinvested in the same calendar year.

● An easing of the requirement that venture capital funds must have 75 per cent of their investments in the form of shares. The 75 per cent figure may be reduced or other types of risk-bearing securities may be permitted.

Last year's legislation coincided with the creation of ASCRI, the Spanish Venture Capital Association, to represent the sector's interests. The new association was launched with 26 members—many of them regional development organisations like that in Cantabrica—which are not, strictly speaking, venture capital funds—but has since grown to 34 members.

Links are now being established with foreign venture capital groups, part of a Europe-wide trend towards creating cross-border venture capital syndicates. Banco de Bilbao is linking with Baring Brothers Hambrecht & Quist while Citicorp and 3i are setting up Spanish offices.

It will be some time before these ventures produce companies which are ready to seek a stock market listing. Equally, it will take time for Spain's new secondary market to establish itself.

Like similar markets set up in London, Paris and Amsterdam in recent years, Madrid's segundo mercado aims to provide a more flexible means of bringing companies to the stock exchange, with listing requirements which are less demanding than the stock exchange proper.

But with just one company—Mercapital, a financial group—traded on the new market, it has a long way to go.

"We don't have a stock market tradition in Spain," says Leon Benelbas, director-general of Sociedad Gestora de Fomento Empresarial, Spain's first (and only) state-owned venture capital group.

"Only 50 stocks are traded on the main market in any day though more are listed. How can you expect a second market to develop when the first is so narrow? We must be realistic."

The creation of an effective market is not the only problem Spain faces in widening the financial options open to its growing companies.

Like their counterparts elsewhere in Europe, Spanish entrepreneurs are reluctant to open their books to public scrutiny—though Spanish accounting standards could not be described as rigorous. It may prove difficult to get them to accept outside capital and shareholders if they can continue to use their traditional routes to finance.

More important, seasoned venture capitalists from outside Spain warn against exaggerating the impact this form of financing will have on the economy. It is only appropriate, they say, for a relatively small number of companies—those which can provide a very large return to their backers—and will make only a very small dent in Spain's 22 per cent unemployment rate.

A share in Eureka

THE EUROPEAN venture capital industry is attempting to get a share of the financing of Eureka, the Europe-wide programme to exploit new technologies.

Small- and medium-sized enterprises (employing up to 500 people) play an important role in many of the 108 projects currently under way and are known to be particularly concerned that their involvement could put strains upon their finances.

They are engaged in exciting but high-risk ventures to develop products in the fields of information technology, robotics, biotechnology and new materials. Individual projects include an information and control system to manage traffic in big cities and the development of an advanced fishing vesel for the 1990s.

"...ka is reaching the phase where public money can be involved," Eduardo Moutes of the Spanish Centre for Technological and Industrial Development told the EVCA meeting. The co-ordinates Spain's contribution to Eureka.

Eureka's Brussels secretariat is to create a data base containing information on projects and will establish links with EVCA to pass on specific information—including whether a project is seeking outside funds.

In return EVCA will provide information on possible sources of finance to Eureka.

Outside finance is becoming necessary because some of the Eureka projects are reaching their final development stage, Jaime Sodupe, director general for the Spanish centre, said.

The plan for links with European venture capitalists comes less than two months after the completion of a pilot study of Eureka by the Cranfield Institute of Technology.

This criticised the British Government for not providing enough money and for taking too long to negotiate funds; Sweden was also criticised for meanness with funds; Denmark for offering money for only 12-month periods and Greece for almost total government ignorance of the Eureka programme.

These limitations led to different standards of performance among Eureka partners and to some companies choosing partners because of the generous funding practices of their governments rather than their suitability for the project, the study said.

However, the Spanish, French and German governments were praised for their financial and administrative support.

How to choose a micro-computer

THE COST of computer systems has fallen in recent years, thus making them an attractive proposition for many smaller firms but the range of choice is now so big that selecting the right system has become difficult.

Guides to help businessmen through the computer maze have been around for a long time. Now Guardian Management Services, a computer consultancy, has produced a booklet* containing detailed checklists of what the would-be computer user needs to know and do before making a choice.

The booklet does not do away with the need to seek the advice of a consultant but it does allow the businessman to assess more accurately what outside advice he needs and thereby use consultants in a more cost-effective way.

It starts off with a warning that the computer buyer must be prepared to devote time and effort to the project. "One cost which has not fallen but has in fact risen is the cost to a small business of buying the wrong computer system," the booklet notes.

Even the smallest business must meticulously prepare its responses to the checklists since the success of the computer project depends on the detail. If a consultant does have to be called in, incomplete or inaccurate information can waste time and push up costs, it warns.

The booklet details a six-stage programme leading up to the introduction of the computer system. It starts with a definition of the company's needs, moves on to an assessment of the uses to which the system would be put and its cost, identifying suppliers, inviting them to tender, evaluating their offers and making a choice.

Among the general advice contained in the booklet is the need to start by choosing the software. The hardware is less important and will probably come from a mainstream supplier. Computer buyers should realise that if they are buying a software/hardware package they will probably have to make compromises.

Costs may be cut by choosing various parts of the system from different suppliers but this will only work if the businessman or his staff are fairly computer-literate. Low-cost products may use inferior components or have poorer technical support so the cost may work out higher in the long run, the booklet warns.

The booklet contains a certain amount of technical terminology though this has been kept to a minimum. Guardian says it is willing to supply a glossary of computer terminology or explain technical issues.

**The Selection and Implementation of Micro-computers in the Small to Medium-Sized Business. A GMS Workbook. 49 pages. £15.50 inc p & p from Guardian Management Services, West End House, 11 Hills Place, London W1R 1AG.*

CB

Boffins in biotech

CAN THE cluster of small British companies engaged in biotechnology copy their US counterparts and achieve the big time, or will it repeat the pattern of the microcomputer industry and fail to produce any world-scale organisations?

Britain currently can claim fewer than a dozen independent biotech companies—none of them with a public listing—compared with about 1,000 companies in the US of which 100-150 have a stock market listing.

Cetus Corporation, a Californian biotech group, raised more money last year than the entire British biotech sector has since it came into being, says Steven Burrill, head of the high technology group at accountants Arthur Young.

"The situation in the UK is improving but the gap between Britain and the US is getting wider," he said after a one-day seminar entitled "The Business of Biotechnology" held in London last week.

Academics in Britain usually have lower expectations than their counterparts in the US which means that if they go into business their companies tend to be less exciting, claims Burrill. They are less enterprising in seeking out collaborative deals with larger corporations and convince themselves the funds are not available to develop their ideas—though money is the least of their problems.

"British academics tend to think that if they concentrate on the scientific aspects the financiers will come to them and the public will automatically buy their products," he says.

British academics at present lack positive role models of colleagues who have succeeded in business. Clive Sinclair is the most frequently quoted example of a boffin who has gone into business but is widely seen as having failed.

The answer to this, according to Nick Pasricha, head of high tech at Arthur Young's London office, is not to make businessmen of the academics but to team them up with managers who have marketing and financial skills.

"British academics have changed over the past 10 years," he says. "Government cut-backs have forced them to fight for every pound they spend and made them aware of the advantages of commercial backing."

What policy-makers in the UK should now be looking at is ways to persuade more managers from large companies to team up with the academics so that together they can expand the biotechnology sector, Pasricha argues.

In brief . . .

THE HOTEL and Catering Industry Training Board is running 13-week "Firmstart" training courses for people wanting to set up an hotel, pub, restaurant or residential home. The course is free but participants must have enough start-up capital to invest in a business capable of employing eight to 10 people within two years.

The course involves six short residential periods and further spells of project work, research and practical industry experience. Contact Firmstart Manager, Hotel and Catering Industry Training Board, International House, High Street, Ealing, London W5 5DB. Tel: 01-579 2400.

●

MANY COURSES are available to people wishing to start a small business but training for those already trading has been limited. The London Enterprise Agency (LEntA) is attempting to redress the balance by holding a series of one-day seminars aimed at owner-managers.

Each seminar covers a single topic such as financial control, selling and finding new products and costs £35—but is free to the owners of businesses younger than 12 months. Contact the Training Department at LEntA on 01-236 3000.

Business Opportunities

REVERSION INVESTMENT
Exceptional substantial listed country property with cottage and 8 acres near M4 available for sale, subject to tenancy of two very elderly occupants. £320,000
For details apply:
Box F7374, Financial Times
10 Cannon St, London EC4P 4BY

★ BRIDGING LOANS
★ SHORT-TERM CAPITAL
Very fast short-term finance (3-9 months) for property owners
Domestic or business
No Brokers' fees
CASLEY FINANCE LTD
9 Artillery Lane, London E1 7LP
Tel: 01-377 8484

FINANCE YOUR STOCK
We offer a unique stock finance facility to manufacturers and merchants and are seeking to expand our client base
If you require stock finance please apply in writing to:
Churchill Merchanting Ltd
136 Buckingham Palace Road
London SW1W 9SA
Tel: 01-730 8428

ITALY
Unique opportunity for British/American non-resident company dealing with Italy. Business woman (dual nationality, British/Italian) with own office in central prestigious street seeks to assist in a rewarding position where competence, experience and utmost reliability are required. Use of office as pied à terre possible. References given and required.
Write to: G.S., 169 Via Veneto (int 12), 00187 Rome

TORONTO STOCK EXCHANGE SHELL AVAILABLE
Small working capital position, in good standing. Available for reverse takeover of company or assets with net worth of over $10m
Reply in confidence to:
Box F7371, Financial Times
10 Cannon St, London EC4P 4BY

HELP
(SPEED is of the ESSENCE)
A West London company in retail ceramics sector has achieved 40% growth pa in last 9 years and now has desperate cash flow problem
Urgent attention required to prevent irrecoverable situation
Write Box F7370, Financial Times
10 Cannon St, London EC4P 4BY

SPAIN — Company owner, 20 years experience seeks commissions, agency, etc. PO Aptdo 175, Benalmadena, Malaga.

BUYING OR SELLING A BUSINESS? Considering the Third Market? Gerhoff Bentley Ltd. Telephone: 01-748 3020.

WORLDWIDE BUSINESS MAILING LISTS offered. Tel: 01-446 5141.

Business Services

Buying or selling a business? We'll cover your risk

When you sell a business or go public you may have to give warranties and indemnities which could render you liable for damages as well as legal expenses, even if you are not at fault.

This liability can be insured under our Warranty and Indemnity Insurance Policy.

For more information contact:

Warranty & Indemnity Insurance
DIRECTORS & OFFICERS LIMITED
31-35 St. Nicholas Way, Sutton, Surrey SM1 1JB
Tel: 01-661 1491 Telex: 8951673 EPISL G
Regional offices: London, Birmingham, Halifax, Glasgow

CAPITAL CONSULTANTS
COMMERCIAL AND CORPORATE FUNDING OF ALL TYPES
- ★ UK Property Development/Construction
- ★ Investment Properties
- ★ Refinancing Packages
- ★ Specialists in Company Pensions Advice

SUPERB INTEREST RATES ARRANGED
Call:
CAPITAL CONSULTANTS
for decisions in principal now
0730 68122
Worcester House, Dragon Street
Petersfield, Hants GU31 4JD

MARKETING SERVICES
ELECTRONIC MAILSHOT
TMI has developed the Electronic Mailshot. We select, target, develop and circulate a telemarketing release specifically to promote your company product etc, anywhere in the world using telex, fax, data, etc. TMI releases get to the people you want to contact, and always get read, because the message looks exclusive (not a circular) and the mere fact that it was sent by a real time communications systems gives a sense of urgency and distinction.
For further details contact:
TELEMARKETING INTERNATIONAL
Headley House, Headley Road, Hindhead, Surrey GU26 6TU
Telex: 858781 INDCOM G Tel: 042 873 6007

LATIN AMERICAN BUSINESS CONSULTANT
SEEKS TO BE RETAINED BY UK/EUROPEAN CLIENTS
Will act as representative on fixed retainer/commission basis, advising on market or product opportunities, through to sales, marketing and distribution of goods or services
Contact:
Richard Andrade Associates, International Business Consultants
364-366 Fulham Road, London SW10 9UH
Tel: 01-351 7115 - Facsimile: 01-352 8888

LIMITED COMPANIES
U.K. and International
Isle of Man & Non-Resident
EXPRESS
COMPANY REGISTRATIONS LIMITED
Epworth House, 25-35 City Rd, London EC1Y 1AA
Telephone 01-588 3271 Telex 887475

ARCHIVAL STORAGE and Distribution competitive rates. 24 hour service. Ring 01-607 0101.

BUSINESS AND ASSETS of solvent and insolvent companies for sale. Business and Assets (RLC). Tel: 01-637 3036.

CARTONS, TUBES, ETC.—Any specification, competitive rates. Ring: 01-607 0101.

DIRECT MAIL LISTS & SERVICES—100s of ready-made lists immediately available. Suppliers to leading UK companies. Free catalogue. Marketscan, Freepost, Chichester, Sussex. Tel: (0243) 786711.

LIMITED COMPANIES!—COMPANY FORMATION AND SEARCHES! Fast Service! Credit Cards! 01-639 7020.

ACCOMMODATION ADDRESSES — N7. Telephone Answering Service, Fax, Photocopying, Mailing, etc. Tel: 01-607 0101.

Auctions

By Order of T D CROSS & MORSE LIMITED who are closing their Letchworth Factory having transferred production to Birmingham.

SALE BY AUCTION
IN LOTS AT THE WORKS
WORKS ROAD, LETCHWORTH, HERTS
ON WEDNESDAY 10TH JUNE 1987 AT 10.30 A.M.
THE EXCELLENT MODERN POWER PRESSES & TOOLROOM MACHINERY CHAIN MAKING PLANT & ENGINEERING EQUIPMENT

Including:
POWER PRESSES
Bliss "HP2-100-36-30" 100 Ton and "HP2-60-36-24" 60 Ton Straight Line 2 Point High Speed Blanking Presses (1976)
Minster, "P2-45-32" 45 Ton Piecemaker Single Action High Speed Blanking Press, ½in Stroke, 1000 s.p.m. (1967)
Rhodes "S-300-32-40" Double Column Single Action Blanking Press (1964)
Haemmerle 100 Ton and Linde 100 Ton Blanking Presses (1974)
HME "OP100," "OP40" and "125" Open Front Power Presses
Niagara A4 100 Ton C-Frame Rigid Power Press
Hi-Ton 20 and 12 Ton and Mills 15 Ton Hydraulic Presses
PRESS FEED EQUIPMENT
Humphries CD10/6 (2off) and SHP 160mm x 32mm x 0.545 Ton Feeders and Strip Levellers. Vibratory Bowl Feeders 36in and 20in diameter
COLD HEADERS
Malmedie EPM35 Single Blow Cold Header (1969)
CURLING MACHINES
MAS KB01 (3off—2 rebuilt 1986) and Linde ⅛in capacity Bush Curlers (2off)
ROLLER CHAIN PLANT
Linde ¼in and ⅜in and MAS ⅜in Blanking Presses
Linde ⅜in Drawing Presses (5off) and Linde ⅜in Piercing Presses (6off)
MAS ⅜in (3off) and ⅝in (1off) Drawing and Piercing Presses
Linde KMA1 Roller Unit Assembly Machines (5off up to 1977)
MAS ⅜in, Linde ⅜in and SDR ⅜in Pitch Chain Assembly Machines
PACKAGING MACHINES
Podmores Count-a-Batch 4-Section Auto Packer (1981)
GRINDERS inc: Cincinnati Milacron No. "20M" (1977)
JIG BORERS and AUTOMATICS inc: Hauser No. 5 (1966), Warner Swasey 2AC Chuckers (1976)
LATHES inc: D. S. and Graff 17T and 1809 Toolroom (1963) and Stanko 611P Toolroom
MILLS inc: Beaver Turret, Ajax, Victoria and Parkson Universal and Vertical
GEAR PLANT inc: Sunderland No. 19 (1976), Gleason 12in and Sykes 3C Shapers
DRILLS inc: Q. and S. 24in Radial, Bench and Pillar Drills (11off)
SAWS and SHAPERS inc: Alexander Triple Twelve (1980), Invicta 24in and 15in Shapers
GENERATOR and COMPRESSORS inc: 250KVA Detroit Diesel (1974) and Sullair SK90 Compressors
MECHANICAL HANDLING EQUIPMENT
MODERN OFFICE AND FACTORY FURNITURE AND EQUIPMENT

ON VIEW: TUESDAY 9TH JUNE 1987
Illustrative Colour Flysheets and Catalogues on request from:

Brownlow House, 50/51 High Holborn
London WC1V 6EG
Tel: 01-405 8411 Fax: 01-405 9772
Telex: 897377
HENRY BUTCHER

Businesses For Sale

Steel Profile Systems Manufacturer
Business and Assets For Sale as a Going Concern.
- * Based in Leeds and Pontefract, West Yorkshire, B. and R. Otter Engineering Limited, and affiliated companies, trade as manufacturers of Steel, Support Systems, Concrete Inserts, Cable Trays and Ladder Racks for the electrical and mechanical services industry.
- * Turnover in excess of £2 million, principal customers include nationalised industries and substantial public companies.
- * Leasehold factory unit of approximately 15,000 sq ft in Leeds.
- * Net book value of plant and machinery is approximately £130,000.

For further details please contact:
Michael Hore, Joint Administrative Receiver
Robson Rhodes, Chartered Accountants
St George House, 40 Great George St, Leeds LS1 3DQ
Telephone: 0532 459631 - Fax: 0532 452823
ROBSON RHODES

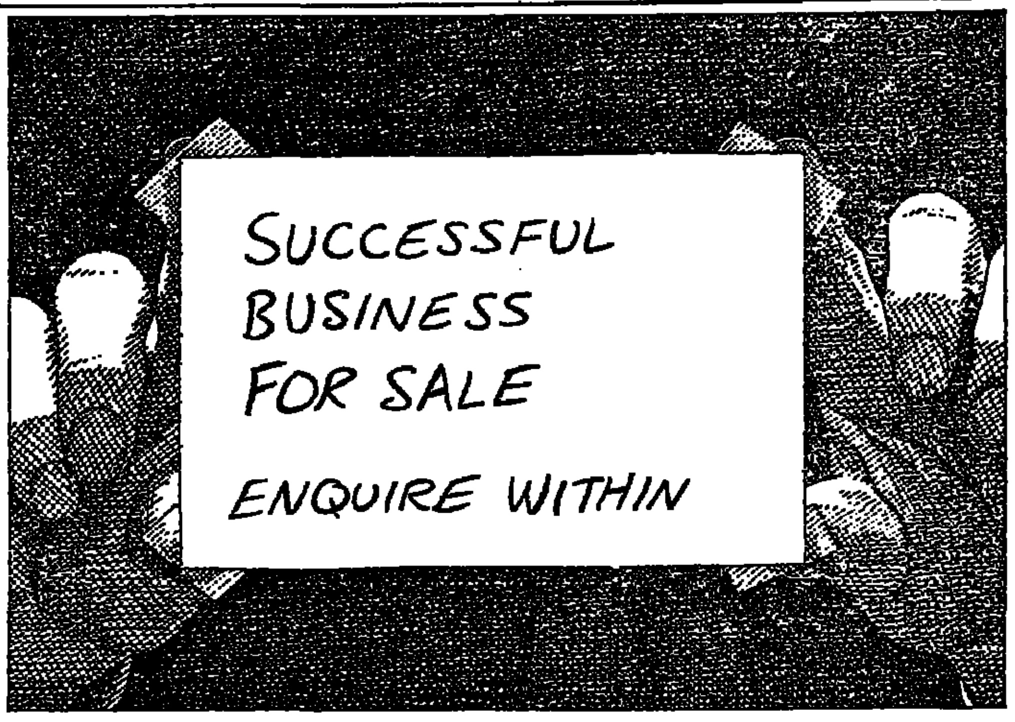
William HILLARY & Company
SQUASH CLUB FOR SALE
In Midlands Cathedral City
- * 7 COURTS
- * BAR, SNOOKER, GYM, SOLARIUM, SAUNAS
- * TRADING PROFIT £44,000
- * OFFERS AROUND £220,000

William Hillary & Company
Chartered Surveyors
Leisure Property Specialists
47 High St, Salisbury SP1 2
Tel: 0722 27101

FOX & SONS LEISURE
FOR SALE
ONE OF THE MAJOR HOLIDAY PARKS IN THE UNITED KINGDOM
Presenting an ideal opportunity for a Corporate Entrant to the Leisure Industry.
Bordering the Lake District with easy access to M6.
132 ACRES – WITH 90 ACRES ONLY DEVELOPED
86 Chalets, 420 Static Pitches, 600 Touring Pitches, 50 Residential Pitches.
Pools, Bars, Clubs, Shopping Mall etc.—all refurbished in 1982/83.
FURTHER DEVELOPMENT PLANS IN PLACE TO DRAMATICALLY INCREASE DAY VISITOR NUMBERS AND LENGTHEN THE SEASON.
Substantial Turnover — Management Team in place.
DE QUINCEY HOUSE, 48 WEST REGENT STREET, GLASGOW G2 2RA. TEL: 041-332 9200

GLASS/MIRROR PROCESSING
Very profitable West Midlands based company engaged in merchanting and processing glass and mirrors, supplying the building, shopfitting and furniture industries. Turnover around £400,000 pa, well established customers and good order book.
Principals (or their Advisers) may obtain further information by writing to:
R. F. Howell, Esq
HOWELL MILLER & CO
768 Hagley Road West, Oldbury
Warley, West Midlands B68 0PJ

SPECIALIST TRAVEL AND GOURMET RESTAURANT ENDORSEMENT GROUP FOR SALE
Turnover £500,000+
Net Profit £50,000+
Write Box H2014
Financial Times
10 Cannon Street
London EC4P 4BY



AVOID MAKING THIS MISTAKE.

Selling a successful business successfully is more complicated than it looks.

What is a reasonable price? How do you get access to the widest range of possible buyers?

What about confidentiality? Can the transaction be structured in a way to minimise your tax liabilities?

The answers to these and many other questions can be supplied by the mergers and acquisitions experts at Peat Marwick McLintock—the largest firm of accountants and management consultants in the UK.

We will be happy to send you our brochure or meet you free of charge. For your copy or to arrange a discussion in confidence simply ring Roy Nicholson, Richard Agutter or John Griffith-Jones on 01-236 8000.

KPMG You have a partner at Peat Marwick McLintock

By Order of Clients
FOR SALE
C.A.D./GRAPHICS PLOTTER SYSTEM
G.S.I. Type 78 DIGITAL DRAFTING MACHINE AND INTERGRAPH VAX 11/751 MINI-COMPUTER GRAPHICS SYSTEM (New December 1984)
Comprehensively equipped
Original cost £660,000
For further information contact:
C J C Derry or H M Cowen
Brownlow House, 50/51 High Holborn
London WC1V 6EG
Tel: 01-405 8411 Telex: 897377
HENRY BUTCHER

FREEHOLD RESTAURANTS
Two substantial character properties with prime main-road locations in the Home Counties near London. 76 and 86 seats. Living accommodation above and large car parks. Annual sales exceed £850,000 and increasing. For sale together. Offers in excess of £1 million.
Write Box H2035, Financial Times
10 Cannon Street, London EC4P 4BY

JOINERY BUSINESS FOR SALE
NORTH-WEST
Large company wishes to dispose of profitable joinery business. Turnover over £1m. Suit housebuilder, shopfitting contractor, builders merchant, timber merchant, or other construction specialist. Price for tangible assets, goodwill and undertaking c.£600,000
For further details contact Box H2031, Financial Times
10 Cannon St, London EC4P 4BY

NEWSPAPER PUBLISHING BUSINESS FOR SALE
Current profits
£50,000 per annum
Write Box H2030, Financial Times
10 Cannon Street, London EC4P 4BY

UPVC Window Manufacturers
North-West England
PLASTIKA LIMITED Turnover approx. £2 million
For sale as a going concern. The company manufactures UPVC windows for supply to trade, retail and contract customers.
Offers are invited for the business as assets, including leasehold premises in Manchester/Oldham, plant and machinery, work in progress, order book, etc.
For further details contact the joint administrative receiver, Edward Klempka, or Stephen Penn at the address below or on 0532 455166.
Deloitte Haskins+Sells
Cloth Hall Court, Infirmary Street, Leeds LS1 2HT

HUNTLEY & PARTNERS
SUPERB HOLIDAY CHALET AND MOBILE HOME PARK
TWINBROOK PARK, SWANPOOL ROAD, FALMOUTH, CORNWALL
Magnificent position, close coast and beaches and 1½ miles Falmouth, comprising 48 holiday chalets and 41 mobile home sites. Approx. 7 acres grounds. Club House with Lic. Bar, and heated swimming pool, playground, site shop (let), luxury 3 bedroom home, Warden's Chalet. T/O approx. £100,000 p.a. Owners retirement. FOR SALE BY AUCTION (Unless Sold Previously) Price Guide: £400,000-£500,000. Offers prior to Auction invited. (C.173)
46 Mutley Plain Plymouth PL4 6LE Tel: Plym (0752) 262311

VICEROY AMALGAMATIONS LTD
MERGER & ACQUISITION CONSULTANTS
OFFERING NATIONAL COVERAGE
If you are buying or selling a company contact us on:
LONDON 01-441 5757 - SHREWSBURY (0743) 246426
BRISTOL (0272) 290320

SPECIALIST GLAZING COMPANY
Growth company specialising in glazing atrium/conservatories tailor made for new and existing commercial buildings
OFFERED FOR SALE
Company has full design manufacturing and installation facilities. Currently profitable to £100,000 for past accounting period (audited) with potential for many fold increase
Unique market position, current owners wishing to retire
For further details, principals only reply to Box H2016
Financial Times, 10 Cannon St, London EC4P 4BY

DIVERCO
Sell Companies Nationwide
SELLERS and BUYERS
Contact in confidence:
DIVERCO LTD.
4 Bank Street,
Worcester WR1 2EW.
Tel: 0905 22303

FOR SALE
STEEL FABRICATION BUSINESS
Notts/Derby area
15,000 sq ft purpose built leasehold factory
Current full order book
For sale as a going concern
Principals only please write to Box H2041
Financial Times, 10 Cannon Street, London EC4P 4BY

FOR SALE—USA MANUFACTURER/DISTRIBUTOR
BRAND NAME SPICES TO RESTAURANTS, SUPERMARKETS, GOURMET FOOD STORES
Annual Sales $4 million
Cash Flow $850,000
Please respond with product literature and financial report to:
Box H2021
Financial Times
10 Cannon Street
London EC4P 4BY

HIGH WYCOMBE
Quality soft furnishing and wallcovering retail outlet. Well situated double-fronted, long-established shop with good profit record
Turnover over £200,000 pa
Financial details from:
H. R. GRANT & ASSOCIATES
Financial Advisory Services
Victoria Square, Droitwich
Worcestershire
Tel: 0905 778155

FOR SALE
Information service company, very strong management. Profits last year of $2 million. Profits expected this year exceed $4 million.
Principals only respond with credentials:
BDP, P.O. Box 437, Teaneck, NJ 07666

SMALL G.R.P. COMPANY IN BERKSHIRE
For sale or joint venture with healthy order book
Please write to Box H2040
Financial Times
10 Cannon Street
London EC4P 4BY

FOR SALE
AS GOING CONCERN
JOINERY MANUFACTURING COMPANY
NORTHERN BASED
Annual turnover exceeds £400,000 with ample potential for expansion
FREEHOLD SITE (1 ACRE)
including 11,500 sq ft Factory production area. Owner retiring
Genuine enquiries only
Write Box H2027, Financial Times
10 Cannon St, London EC4P 4BY

FOR SALE
Institutional Food Wholesaler/Distributor
East Coast
Gross profits average 33 per cent. Sells to institutions
Emphasises produce sales with traditionally higher margins
Principals only please send inquiries to:
WERS, PO Box 43116, Upper Montclair, NJ 07043, USA

Road, Drainage and Plant Hire
BUSINESS FOR SALE
Dundee area, good contracts, ample scope for expansion
Highly profitable - Price region £250,000
For further details contact Box H2039
Financial Times, 10 Cannon St, London EC4P 4BY

FOR SALE
Established, well respected, profitable UK based commodity and financial futures fund management company with funds in excess of £2.5m under management
Trading is based on a proven computerised trading system
Principals only, please reply to:
Box F1989, Financial Times
10 Cannon St, London EC4P 4BY

TOUR OPERATOR
FOR SALE
The company, London-based fully licensed has been operating a large specialist programme
Management can be retained
FREEHOLD PROPERTY INCLUDED
Principals only please reply to:
Box H2018, Financial Times
10 Cannon St, London EC4P 4BY

ELECTRICAL WHOLESALING COMPANY
OLD ESTABLISHED
London based - High margins
Profitable
TURNOVER IN EXCESS OF £1m
Price required £1.5m
FOR SALE AS A GOING CONCERN
Please reply to:
Box H2038, Financial Times
10 Cannon St, London EC4P 4BY

SECURITY/MANUFACTURING
WEST MIDLANDS
A rare opportunity to acquire a well established company
One of the last of its kind not in multinational hands, manufacturing high quality products respected throughout industry
Large customer base, mostly blue chip. Excellent connections with many of Britain's major industries
Realistic forecasts for good profits
Freehold buildings and land
Offers invited £350,000+
Reply to Box H2015, Financial Times
10 Cannon St, London EC4P 4BY

FOR SALE MOTOR DEALERSHIP
Nr M25/M40
Write Box H2036
Financial Times
10 Cannon Street
London EC4P 4BY

CLEANING CO.
NE SCOTLAND
Turnover £250k - GP £90k
For sale at 65p per £ turnover
For trading name, contracts and goodwill, long established
Possible completion by 1/7/87
Write Box H2028, Financial Times
10 Cannon St, London EC4P 4BY

FOR SALE
SMALL PROPERTY COMPANY
Investment income of £75,000 from two well let properties in Scotland (retail and offices). Long leases
Reversionary
OFFERS AROUND £950,000
Ring Elaine Irwin 031-228 4188
for copy of full details

EXCLUSIVE HAND-MADE BELGIAN CHOCOLATE SHOP FOR SALE
Established prime location in Horsham, West Sussex
Leasehold Property
Asking price: £85,000
For further details & accounts please telephone:
07985 666 during office hours

WELL ESTABLISHED
SECURITY & INVESTIGATION BUSINESS
FOR SALE IN WEST MIDLANDS AREA
Turnover £135,000
Contact:
Mr J. Mason
Corporate Business Services
9 Church St, Wellington, Telford
Shropshire - Tel: 0952 56437

SPECTACLE FRAME COMPANY FOR SALE
Turnover approx. £1m
Principals only
Write Box H2017
Financial Times
10 Cannon Street
London EC4P 4BY

MFG CO.
(ENGLAND, SCOTLAND)
with tech products and export potential. Sale min. £3m
Future profit participation possible
Sell your company directly and avoid brokers fees
Write Box H1982, Financial Times
10 Cannon St, London EC4P 4BY

BY ORDER OF THE ADMINISTRATORS OF THE ESTATE
FOR SALE
Dispensing Opticians
With sizeable patient list situated mainly in North London. 6 Units (4 leasehold, 2 freehold).
For further equiries, please telephone:
Leonard Curtis & Co
Chartered Accountants
Tel: 01-262 7700 Ref: SMC

PRINTED CARTON COMPANY
TURNOVER £2 MILLION
Good order book, rapidly expanding business with major multiples
Strong design function. Interested in selling or merging with company with complementary skills
Principals only to:
Box H2007, Financial Times
10 Cannon St, London EC4P 4BY

PRIVATELY OWNED, Medium sized US Mail Order Vitamin Company. High profits. Negotiable. Contact: Box H.2019, Financial Times, 10, Cannon Street, London EC4P 4BY.

ABTA-IATA COMPANY available due to merger. Small office suite—500 sq. ft. (not ground floor) at prestige address in London's West End. Write Box H.2009, Financial Times, 10, Cannon Street, London EC4P 4BY.

BLARNEY, CO. CORK—Modern 74 bedroom Hotel on 10 acres. Going concern. IR£1.5m. Co. Meath. 440 acre Stud Farm, Castle Residence. IR£1.8m. For full details of these and all categories of Irish property: Keane Mahony Smith, Ireland House, 150-151 New Bond Street, London W1Y 0AQ. Tel: 01-493 8870/8871.

EXPANDING DESIGN and print company for sale in West Surrey. T/O in excess of £750,000. Write Box H.2034, Financial Times, 10, Cannon Street, London EC4P 4BY.

Conferences

The only M & A Conference you need to attend in 1987
The Third Annual ACQUISITIONS MONTHLY Conference organised by Business Research International on 29/30 September, 1987
Hotel Inter-Continental, London W1
This conference will demonstrate the takeover strategies and techniques that work. Discussions will cover:
Acquisitions Strategy and Takeover Tactics, Negotiating the Deal, Acquiring Private Companies, Acquisition in the USA and Europe, Making Successful Divestments, Management Buy Outs and Buy Ins and Defending Your Company or Subsidiary.
For details and telephone reservations, contact:
Fiona Pink, BRI, 57-61 Mortimer Street, London W1.
Telephone: 01-637 4383

Office Equipment

EXECUTIVE ITALIAN OFFICE FURNITURE
Collection of high quality Executive and Operational ranges finished in natural selected veneers:
Rosewood, Walnut, Black Ash, Light Oak
including desks returns, bookcases, sideboards, conference tables. Many configurations of systems furniture
In bi-laminate finishes and light oak veneer
Substantial Discounts
FREE DELIVERY AND INSTALLATION
Full details Tel: 0992 500567 - Fax: 0992 500563 - Telex: 818193

UK NEWS – THE ALLIANCE MANIFESTO

Continued from Page 8

it does not have the massive dependence which the Conservatives have on the City and big business. These links make each of the other parties powerless to reform their own institutional backers and incapable of understanding or winning the confidence of their institutional opponents. The Alliance has a capacity to be fair which is based on its independence and on the breadth of its support, typified by the fact that we have been able to win by-elections in the heart of the countryside in former Conservative stronghold in Ryedale and in a former Labour stronghold in Greenwich, both seats now held by Liberal and SDP women MPs.

The Alliance is different in another respect. It is not merely seeking to become the elected government of the country, but to overhaul the system of government so that all future governments, of whatever party, are based on real public consent and full participation in an open society. Our intention is not simply to get into the driving seat but to re-design the vehicle. Once the Alliance has reformed the voting system, no future government will be awarded the power of a majority without the support of a majority of the people, and no kind of extremism, whether of the left or of the right, will be able to get in through the back door. Not only that — if we find ourselves exercising power in a Parliament with no overall majority, we guarantee that we will use that power to block extremism and to fight for the kind of reforms which make sure that governments cannot push people around and individuals have the opportunity and the means to achieve their full potential.

The Alliance is different, too, in its belief about the nature of society. Our aim is a civilised society in which individual freedom goes hand-in-hand with care for others. Individual freedom is central to our beliefs, but if it is not accompanied by social responsibility it becomes freedom only for those who can afford it, or the survival of the fittest. But when society as a whole tries to meet human needs it must respect individual choice and be aware of the dangers and limitations of state provision, otherwise there will be no freedom, and public services will be both inhuman and inefficient. Declining public services and the inhuman scale of organisations like the DHSS and the big council housing departments have contributed to a widespread feeling of apathy and despair, and many young people in particular feel that this society has no place for them and does not want to listen to them. Government must work in partnership with people, enabling them to use their own organisations, their own local communities and their own skills, and giving them effective democratic control over those services which can only be provided by the community as a whole. Our society is one that recognises that the arts are not an optional extra, to be grudgingly afforded when the economy is booming, but play an essential part in meeting the wider needs of individuals and in broadening the vision of communities. Our aim is a society in which values other than the purely economic are recognised and valued. Our society is one that recognises the importance of the environment in which we live—even those who are successful do not want to live in a shoddy society whose values are dominated by greed and selfishness. We recognise the crucial need to live in harmony with our environment and we will support those developments in our industrial and social activities which are environmentally enhancing and benign. We aim to join the nations which lead the field in environmental protection instead of trailing among the last.

The Alliance is also different in being concerned about both unemployment and inflation. The Conservative Party concentrates all its attention on inflation and ignores unemployment and its consequences. The Labour Party concentrates all its attention on unemployment and ignores the fact that increased inflation undermines expansion and inevitably puts brakes on efforts to get people back to work. We must have sustainable growth. That is why our proposals for expanding the economy are accompanied by plans for an incomes strategy and for a firm monetary and exchange rate discipline through entry to the exchange rate mechanism of the European Monetary System. But in the long-term we will only succeed if we give the top priority to industry. The service and manufacturing sectors of industry are mutually dependent, but manufacturing industry has been devastated in recent years. We believe it is the engine of growth and our competitors in Japan, in Germany and in the US demonstrate that only too well.

Much of what the Alliance wants to do to ensure basic standards in the public services and to encourage people to find new ways of caring for one another depend on achieving success through our economic and industrial policies, which are designed to enable us to achieve greater prosperity. Some of what we want to do will have to wait until we have earned the resources with which to do it. We are not prepared to enter an electoral auction seeing who can make the largest bids to spend money which is not there and will not be there unless taxes and borrowing are increased to unreasonable and imprudent levels. Investment in industry and particularly in new and high technology industry is the key to creating the wealth we all want. We deplore the way in which windfall benefits such as oil revenues and the proceeds from privatisation have been frittered away instead of being used to enhance the basic fabric of our society.

The other parties know that the Alliance is different, and they fear it, even to the extent of burying their own fundamental disagreements with each other so as to co-operate against us. In the House of Commons they have voted together against electoral reform, and against some of the measures designed to put trades unions fully under the control of their members. They work with each other in an attempt to preserve the appearance of a two-party system long after it is dead: Conservatives carefully protect Labour's privileges in the House of Commons to ensure that latterly only Labour and Conservative working peers have been appointed to the Lords, in the vain hope of silencing the Alliance voice. We do not rule out the possibility that after the next election there could be an informal "Lab-Con pact" to keep the Alliance out, as there has been on several local councils: it would be the old parties way of attempting to stagger on as if nothing had happened after the two-party system had suffered a shattering defeat. Indeed we believe that Labour and Conservative supporters should now be asking their candidates "In a balanced Parliament will you work with the Alliance or with our traditional opponents?"

That is why our prime aim is an Alliance majority government, an aim that can certainly be realised at this election. Indeed, such are the absurdities of the voting system that quite small increases in Alliance support can make the difference between fifty Alliance seats and three hundred. If we get that majority we will at once set out to reform the system which produced it. Our commitment to fair elections is clear. We are the only political grouping who, if given a majority, would use that majority power forthwith to reform the system under which we gained it. But we will also be able to get on with the job of bringing down unemployment while managing the economy on a sound basis so as to prevent inflation from increasing dramatically again. We will be able to embark on immediate improvements in basic services like education and health, while we open the way to the longer-term proposals in these and other fields which will give people more chance to realise their full potential and build a caring community. We will be able through our tax and benefit proposals to improve the lot of those who now find themselves on or near the poverty line. We will be able to make the conservation of the environment a priority of government, and pay special attention to the needs of cities and countryside. We will be able to house many of the homeless through more imaginative housing policies involving partnership between public and private housing. We will pursue policies on defence and foreign affairs which will make Britain a force for good in the world, recognising our interdependence

All this is possible, and our Joint Programme sets out the main steps we will take. These aims and values are also a clear guide to the way we would use the power we had if no party had an overall majority. We would insist that the views of the substantial section of the electorate who had voted for us went into the process by which the programme of a new government was decided. If other parties seek to cheat the electorate of that right, we shall seek to bring the matter back before the voters as soon as possible. We are not prepared to see the views of so many voters ignored any longer.

An election of opportunity

We believe that our priorities are right, that our proposals are practical and that our values are those which are most urgently needed in the government of this country. We make no claim to have a monopoly on good ideas. We seek from the voters the chance to give back to them the power and the opportunities which are rightly theirs. Their time has come.

'On defence Britain should be firmly committed to the achievement of multilateral disarmament'

Serpentine Gallery/William Packer

All sweetness and light

The Serpentine Gallery is such a beautiful and sympathetic place in which to show work of any kind that there is always the danger of being teased into uncritical enthusiasm and over-praise, elevating the merely ordinary into the outstanding. But the compliment works both ways, and when the work on show really is outstanding the gallery itself always seems *never to have looked better.*

Such is its present happy state, with the sun lighting up—occasisnally—the rich, heavy greens of early summer in the Park outside, and inside all the light, air and limpid colour of Jennifer Durrant's recent paintings (until June 14).

She has the entire gallery to herself and commands it effortlessly with comparatively few canvasses, 24 in all (plus a block of studies and works on paper) each one some 8 or 9 by 9 or 10 feet square. The earliest dates from 1975 but most are from the last four years or so, for this is no definitive retrospective. Indeed, she is so prolific that she retrieved from store only a fraction of her output from which to make her selection.

Jennifer Durrant (right) with her sister in front of "Pink and Blue," 1976

But that effortlessness is deceptive, for it belies the sheer labour and constant application, the art concealed by art, that has gone into these paintings. Miss Durrant makes the point herself in the quotation she takes from Kandinsky as epigraph to her catalogue: "The artist is not born to a life of pleasure. He must not live idle; he has a hard work to perform, and one which often proves a cross to be borne. He must realise that his every deed, feeling and thought are raw but sure material from which his work is to arise; that he is free in art, but not in life."

But Kandinsky himself in his own work points to the contrariness inherent in his own hard words; for what could be more instinct with life, energy and intuitive invention than his own early work and pioneering abstraction?

With Miss Durrant's work too we look in vain for evidence of effort as its own justification. Steeped to the gills though she may be in serious purpose, in her work all is sweetness and light—simplicity, lightness of touch, and yet a lively and authoritative handling of the surface showing discretion, invention and formal wit.

All painting is abstract painting in its way, just as all abstract painting has its own space and light and its reference to the real world by imaginative association. The mistake is not so much to mark the difference as to establish it on point of principle: the one right, the other forever wrong. However, much work occupies the middle ground, where only a slight shift of emphasis can place it to one side or another.

Jennifer Durrant is clearly on the side of abstraction, but her position would seem to be growing more equivocal. Her imagery remains generalised and unspecific, but it is obviously founded in her observation of the natural world, in particular from animals and vegetables—pods, seeds, flowers, eggs, or even the microscopic organisms of the biologist's slide.

Lately some of her work has taken on a quality of mystical or symbolic possibility. Perhaps it was always latent in the work, but now it shows openly through the titles she gives her paitings: Cry; Little Deaths; Passing; After the Tomb; Fading; Drowning and Dreaming. She is in short an Abstract Symbolist, her reference by suggestion to the processes and experiences of life and death, creation, generation and decay.

It is extremely heartening to see painting of such quality at a time when, in the face of resurgent figuration, abstract painting is supposedly in final retreat. And it is especially good to see it from the hand of a mature and accomplished artist—Miss Durrant is in her mid-40s—who has continued to work through this difficult period undeterred.

Abstraction has no more gone away than had figuration before it, nor will it disappear in the future, but it may still suffer for a while a certain critical neglect. The trouble is that dealers, curators and critics alike too often require a theory or a current, identifiable movement to justify their own commitment, while the more simple and enduring virtues of good, straight-forward painting go unremarked.

No doubt a band-waggon of sorts will soon begin to roll again for abstraction, with some fairly meretricious younger passengers on board mixed in with the more talented. The young, of course, deserve their chance, but just as with the figurative revival the more interesting and substantial are likely to be older artists of experience, proven achievement and tenacity.

Gillian Ayres and Albert Irvin are two such painters, too long unsung, who have rightly come into their own in recent years with proper exhibition and representation in major collections. There are many more who deserve as much, such as Basil Beattie who was a finalist for this year's Athena Prize and had a memorable show at Curwen in the Spring. And it is clear that Jennifer Durrant already holds a place in a distinguished company.

★

A sadder case by far is that of Brian Fielding, a painter whose reputation stood as high as any and whose influence as a teacher upon generations of younger abstract artists was profound. He died last month of cancer, after a short illness that struck him just as his star was beginning to rise into its proper place.

A substantial retrospective of the distinguished contribution he had made to British abstract painting since 1960 had opened in Sheffield, his native city. That show went on to Birmingham and is now at the Winchester Gallery, in Park Avenue, Winchester, where it opens to the public tomorrow (until June 9). It is both his memorial and a true celebration.

La bella selvaggia/Teatro Argentina, Rome

William Weaver

We know Goldoni's name better than we know his works. On Italian theatre façades his medallion-portrait can often be seen, but on the stage inside, the popular half-dozen of his works, *La locandiera, Arlecchino servo di due padroni, I rusteghi*, and so on—are usually the fare. Less familiar works, from his enormous oeuvre, are seldom explored, or even read; and, for that matter, the sheer, large number of volumes in his Complete Works can be daunting.

So the production of his rare La bella selvaggia at the Teatro Argentina in Rome is of special interest. The work dates from 1758, the year before Voltaire's *Candide*, but more than 20 years after his play *Alzire*, an obvious source of Goldoni's inspiration. We are thus at the height of the Enlightenment, and the spirit of the Encyclopéedi breathes in this work. It is, indeed, underlined in this presentation, adapted by the critic Mario Roberto Cimnaghi, with the collaboration of the producer Sandro Sequi.

In addition to trimming Goldoni's long text, Cimnaghi also did some discreet rewriting of the verses, and—as a foreword—wrote a little prose scene of his own, introducing a noble Venetian family, a pedantic abbé, some servants, gathered in a handsome chinoiserie room (the sets and costumes by Giovanni Crisolini Malatesta are brilliant), to listen to a story of America—of Guyana, to be precise,—which then turns into the Goldoni play, as the Venetians become its actors.

Thus the daughter of the Venetian house is seen as Delmira, the Indian princess; the abbé is king Camur, her father; and her Venetian parents become a pair of Portguese aristocrats, participants in the Iberian sack of the New World. The cast is nicely teamed, but Rosa Di Lucia, in the title role, is outstanding, clearly an actress of talent and promise. This is her first important appearance in a traditional role, after she has attracted attention in *various avant-garde productions*. As the young Venetian lady, she is sulky, and even a bit plain; her sulks are transformed into empassioned outrage when she is playing the savage beauty, the noble slave. Throughout, she manages to hint at an inner irony, an engaging aloofness towards the play's events.

As Don Ximene (and, first, the noble Venetian father) Duilio Del Prete is elegant, stylish, and properly stylised: lusting after his savage slave, but ready to marry, when it becomes necessary, his promised Donna Alba (nicely played by Franca Tamantini). Gianni Garko is Don Alonso, a less randy and more enlightened candidate for Delmira's dusky hand. In the typical *commedia dell'arte* intermezzo, Alde Aste is a pert Rosina, taunting the savage Schichirat (an agile Stefano Onofri).

Goldoni was also a librettist, and this exotic play cries out for music. Marcello Panni, an admired conductor (and composer) of avant garde works, has devised some tuneful 18th century pastiche, with an occasional romantic tinge. The prologue opens with a delightful tune played on waterglasses; elsewhere a trio — harpsichord, violin, and cello — is heard, sometimes by itself, sometimes beneath the text in *mélodrama*, and occasionally accompanying the actors when they burst (or slide) into song.

Sequi's smooth, suave production does not strain for laughs, but it provokes some. Even more, it makes the spectator smile, in relaxed enjoyment of a charming text, charmingly expounded.

Franca Tamantini, Rosa Di Lucia and Gianni Garko

Gershwin 'fest' revives American musical

Every Friday, the *New York Times* "Weekend" section prints information on ticket availability for Broadway shows. The four listed as "sold out" these days are all musicals, and all imports from London: *Cats, Les Misérables, Starlight Express*, and *Me and My Girl*, the only one with anything like a real tune.

Fortunately for those who are depressed by this state of affairs, there is a real movement to preserve and propagate what might be called the classic American musical, the shows of the teens, twenties, and thirties for which writers like Jerome Kern, George and Ira Gershwin, Richard Rodgers and Lorenz Hart, Vincent Youmans, and Cole Porter provided songs that have become indestructible standards.

The productions at the exquisite little Goodspeed Opera House in East Haddam, Connecticut, are done with less attempt at complete authenticity—books are rewritten and songs freely interpolated from other shows—but they are always affectionate and free from condescension or camp, and often given true distinction by the choreography of Dan Siretta, which is informed by careful research into period social and theatrical dance styles. It is thanks to Goodspeed that we have been made familiar with such masterpieces of the genre as Kern's *Very Good Eddie* and *Oh Boy!* and the Gershwin's *Tip-Toes*.

The movement has received an important boost through the recent discovery of a wealth of manuscript material in a Warner Brothers warehouse in Secaucus, New Jersey, including the scores of many individual songs and of whole shows, such as the Gershwins' *Primrose*, given in London in 1924 but never in New York.

George Gershwin died in 1937 of a brain tumour, at the age of 39, The 50th anniversary of his death was celebrated at the Brooklyn Academy of Music by a double-header concert performance of *Of Thee I Sing*, which won its writers a Pulitzer Prize in 1932, and its 1934 sequal *Let 'Em Eat Cake*, in performing editions perpared by McGlinn and the Gershwin scholar Robert Kimball.

Earlier, there was a gala performance at which Mikhail Baryshnikov danced a short ballet by Siretta, Cynthia Harmon (Glyndebourne's Bess) and Ruby Hinds sang a duet, "Lonely Boy," that had been cut from *Porgy and Bess* before the opening in 1935, and Johnny Green and his orchestra played his recently unearthed *original arrangements of songs* written for Fred Astaire.

If *Porgy* is an American folk opera, the two musicals are American operettas clearly modelled on Gilbert and Sullivan ("She's the illegitimate daughter of the illegitimate son of the illigitimate nephew of Napoleon"). Both are political satires, not without topicality today, on such subjects as presidents and their first ladies, election platforms and threats of impeachment. The satire in *Of Thee I Sing* is mild enough in all conscience, but in the later show the tone becomes bitter and pessimistic.

In Brooklyn, the books were summarised in a narration read by Jack Gilford, and the emphasis was all on the music. *Of Thee I Sing's* title song and "Love is Sweeping the Country" have an irresistible energy and forward movement that are unmistakeably American. The opening chorus, "Wintergreen for President", with its quotations from old popular and patriotic songs, is reminiscent of Charles Ives. Both shows have wonderful rhythm ballads in "Who Cares?" and "Mine", respectively.

The performances were under the musical direction of Michael Tilson Thomas, long a Gershwin advocate, with the orchestrations (by Gershwin himself, Robert Russell Bennett, and William Daly), which McGlinn found in storage at Samuel French four years ago, sparklingly played by the Orchestra of St Luke's. Even though the Opera House at Brooklyn has superb acoustics, the singers were amplified, as usual nowadays—and as they would not have been on Broadway in the 'thirties. This has the effect of making the chorus's words largely inaudible.

As Wintergreen, Larry Kert was more of a cipher than the authors may have intended, but Maureen McGovern and Paige O'Hara were spirited as the first lady and her rival, who loses out when the former proves to be pregnant, as she anounces in waltz time: "I'm about to be a mother, He's about to be a father." The music is exhilarating, and one is all the more grateful to be reminded of the freshness of Gershwin's melodic gift and of his musical ideas, in view of the musical poverty of today's blockbusters.

David Vaughan

Brighton Festival/Radio 3

Paul Driver

The Finnish Radio Symphony Orchestra, under its young principal conductor, Jukka-Pekka Saraste, completed its cycle of Sibelius symphonies at the Brighton Dome on Sunday with a performance of the early *Kullervo Symphony*, Opus 7: a work based on episodes from the Finnish epic poem Kalevala, and therefore highly relevant to this year's festival theme of Scandinavian legend.

In fact the more musically arresting part of the concert (broadcast live on Radio 3) was an account in the first half of Elgar's Cello Concerto, with Finnish soloist Arto Noras. This was surprising enough: one would not particularly expect a Finnish orchestra to have a ready way with Elgar, and in any case there were numerous little faults of ensemble (most flagrant, the opening unison melody for violas, which was launched carrying an echo of itself). But by some strange cross-cultural alchemy, the performance as a whole was more thoroughly Elgarian than many I've heard in years.

The balance with the soloist was perfect—he was able to fill the hall with unimpeded, concentrated eloquence. The orchestral sound itself had a magical, old fashioned monochrome quality—the strings (appropriately not too large in number) contributed sweetness, freshness and clarity, the woodwinds made their characteristic interjections with just the right amount of spit. The soloist, whose virtuosity seemed taxed by his part (and not, as so often, blithely in excess of its demands) was enormously able to illuminate the structure of the four inter-related movements, and movingly contrived to suggest that the emotional key to the work lay only in the very last notes he played.

The bold, unwieldy, awkwardly orchestrated, five-movement *Kullervo Symphony* is always worth a hearing—now it can be heard relatively often, though the composer banned performances during his lifetime. It stands in analogous relation to his mature numbered symphonies as does Mahler's *Klagende Lied* to his—both the early essays (epic, grandiose in character, choral-orchestral in texture) are dazzling acts on their composers' parts of creative self-definition.

The 19-year-old Mahler was more precocious and self-certain, though, than the 26-year-old Sibelius, and *Kullervo* is much more evidently the tyro work. It has a pieced-together quality and a tendency to explore odd structural corners that not even this fervent and strong-boned account of it could disguise. The sonority is often unacceptably harsh and bare, and leaves one wondering whether Sibelius meant it to be or whether he merely took some easy options in completing his score. There are lovely inspirations—but even the most beautiful and Sibelian movement, the second, "Kullervo's Youth," with its golden theme for strings, rambles off course.

The men of the Brighton Festival Chorus articulated the Fininsh syllables of their long narrative passages (third and fifth movements) with conscientious precision, even if they *did not fully achieve that* "splendidly black tone colour" spoken of by Robert Layton in his programme notes. The two vocal soloists, soprano Karita Mattila and (especially) baritone Jorma Hynninen, added glamour and dramatic intensity to the performance; it was a pity they had so little to sing.

Buxton Festival 1987

Mainly Spain will be the theme at the ninth Buxton Festival (July 18-August 9).

The Festival's opera company will be presenting three new *productions*: a Rossini/Donizetti double bill and Francesco Conti's *Don Quixote in Sierra Morena*. Rossini's *L'Occasione fa il Ladro* will be sung in a new English version. As a curtain raiser to this will be the British premiere of Donizetti's first opera, *Il Pigmalione*.

Don Quixote will also be the first professional staging of this opera in Britain, in a version by Anthony Hose—who will conduct all three operas.

Other events include *Master Peter's Puppet Show* by Manuel de Falla in a workshop performance for children, and concerts linked to the main Spanish theme given by John Ogdon, The Carlos Bonnell Classical Guitar Ensemble, Victoria de los Angeles, Marisa Robles and her lady harpists and the Northern Sinfonia conducted by Sir Charles Groves among others.

György Pauk/Wigmore Hall

Dominic Gill

Since 1961, when he left Hungary to make his home in London, György Pauk has played a vital, characteristic and colourful role in London's musical life — and further afield internationally too — as solo violinist, chamber player and teacher. Last Saturday was the 25th anniversary to the day of his first London recital at the Wigmore Hall, and a host of friends and admirers turned up in the same hall again to hear him celebrate the event in person.

Although he can turn his hand prettily enough when he wishes to lighten matters, Pauk is no salon virtuoso, and his anniversary programme was made of serious stuff. He opened his recital with Beethoven's D major sonata (the first of the op. 12 set)—an *echt*-Pauk performance, notable for its elegance and energy, and its deft expressive pointing. Not even his most ardent admirers would claim Pauk to be one of the great Beethovenians of our time: but whatever the playing may have lacked in dramatic weight it made up for ably in its cogent musicality and careful, imaginative colouring.

He continued with Bach's D minor solo Partita: clean, direct to its target, impeccably tuned. It is more than merely fanciful, I think, to have found the most successful, and the most arresting, parts of the performance those that were most strongly imbued with Hungarian character—Pauk's account of the Gigue, for example, buoyant and joyful, underpinned with splendid rhythmic intensity and with a paradoxical twist of melancholy quintessentially Magyar; and the Chaconne, driven on with a powerful impetus, punctuated by a wealth of quiet, rhetorical questions—is it here, or there: this way, or that?

Pauk is above all a thoughtful violinist; but that predominantly cerebral quality did not prevent many delicious fragrances emerging from his Debussy sonata—in the *Intermède* especially, exquisitely timed, finely gauged. He gave a lively reading too of Lutoslawski's recent (1985) Partita for violin and piano, an interesting, part abrasive, part ingratiating stylistic half-way house; and a jubilant finale of Bartok's first Rhapsody, even if by now understandably, the bow arm was starting to sound a little weary at the biggest climaxes. His accompanist was Roger Vignoles, reliably quick and responsive, consistently strong and accurate in his support.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

May 15–21

Opera and Ballet

PARIS

Der Fliegende Holländer with Marek Janowski/Christopher Perick conducting the romantic parabole on the solitude of the artist in society. Paris Opéra (4266 5022).

Spectacle Ecole de Danse presents The Two Pigeons followed by Suite en blanc in hommage to Serge Lifar at the Opéra Comique (4296 0611).

Nabucco is in a super-production of 650 performers, two orchestras and three choirs at the Palais Omnisports till May 22. (4346 1221).

Ballet Antonio Gades at the Palais Des Congres (4266 2075).

Merce Cunningham Dance Company with his radically modern conceptions. Théâtre de la Ville (4274 2277).

Euridice – a musical fable – is co-produced by Radio France, Montpellier Opera and TMP Châtelet at TMP Châtelet at TMP-Châtelet (4233 4444).

ITALY

Rome: Teatro dell'Opera: A new production of Madam Butterfly directed by Aldo Trionfo and conducted by Rico Saccani. The cast includes Raina Kabaivanska (alternating with Miwako Matsumoto). (46 17 55).

Florence: Teatro della Pergola: Strauss's Capriccio (sung in German) conducted by Gustav Kuhn and directed by Willy Decker, with scenery by Wolfgang Gussman and costumes by Marion Gerretz, Felicity Lott sings the Contessa. (277 9236).

Florence: Teatro Communale: Ballets by John Cranko, Aurelio M. Milloss and Egon Madsen, conducted by Fabio Maestri, danced by the Aterballetto Company and the Maggio Musicale Ballet Company (277 9236).

Naples: Teatro San Carlo: Fidelio conducted by Efrem Kurtz and directed by Filippo Sanjust, who also designed the scenery and costumes. The cast includes Sabine Hass, Elisabeth Gale, Tom Krause and Robert Schunk. (41 71 44)

Genoa: Teatro Margherita: Rigoletto conducted by Daniel Oren with Leo Nucci in the title role: A new production by Luciano Alberto, with scenery and costumes by Pasquale Grossi (589 329).

WEST GERMANY

Berlin, Deutsche Oper: Die Hugenotten conducted by Jesus Lopez Cobus in John Dew's production with Angela Denning, Pilar Lorengar, Victor von Halem and Lenus Carlson, joining the repertory of Hoffmanns Erzählungen, sung in French with Faye Robinson, Simon Estes and Kenneth Riegel; Die verkaufte Braut conducted by Hans Martin Rabenstein with Lucy Peacock, Katja Borris and Peter Maus. (3 43 81).

Hamburg. Opera house closed for renovations – all performances in Hamburg Musikhalle. La Favorita, offered in a concert version stars Alicia Nafé, Giorgio Zacanaro, Alberto Cupido and Haiu-Hua Su.

Frankfurt, Opera: Last performance of La Bohème, in which Yoko Watanabe and Alberto Cupido sing the main parts. Ein Maskenball has a particularly strong cast with Natalia Troitskaja, Luis Lima, Giorgio Zacanaro and Nan Christie. Die Walküre and Das Rheingold, both produced by Ruth Berghaus among the brightest Frankfurt successes of recent seasons. The cast includes Sandra Walker, June Card, Cornelia Berger, Wolfgang Probst, Catarina Ligendza, Ellen Shade, Gail Gilmore and Walter Raffeiner. Dido und Aeneas are sung by Glenys Linos and Valentin Jar. Die Verkaufte Braut rounds off the week. (2 56 21).

Cologne, Opera: Fidelio has fine interpretations by Marianne Hirsti, Eric Halfvarson and Hermann Winkler. *There was much applause for* Der Rosenkavalier, when it opened. The cast brings Margaret Marshall, Delores Ziegler, Teresa Ringholz and Günter von Kannen together (2 07 61).

Staatstheater Stuttgart: Guest performance of the Bolshoi Theatre with Boris Godunov, sung in Russian. The week also features Die lustigen Weiber von Windsor, Otello and Jenufa. (2 03 21).

NETHERLANDS

Amsterdam Muziektheater. The Netherlands Opera with Puccini's Madam *Butterfly directed by Monique* Wagemakers and designed by Hermann Soherr. The Netherlands Philharmonic conducted by Charles Badea, with Hiroko Nishida (Cho-Cho-San), Franco Farina (Pinkerton), Judith Christin (Suzuki), and Malcolm Donelly (Sharpless). (Tue). (255 455).

The National Ballet *with Before* Nightfall (Christe/Martinu), Corps (Van Manen/Berg), Seventh Symphony (Van Schayk/Beethoven). Tue in Den Bosch, Casino (125 125), Wed and Thur in Utrecht, Schouwburg (31 02 41).

LONDON

Royal Opera, Covent Garden: The latest revival of John Copley's rather pretty-pretty production of Massenet's Werther introduces London to Francisco Araiza in the title role and Agnes Baltsa as Charlotte; Michael Schonwandt conducts. *Further performances of* Turandot, last of the Stravinsky-Ravel double-bill made famous by the David Hockney *sets and costumes.* (240 1066).

English National Opera, Coliseum: Orpheus in the Underworld, a Gerald Scarfe-designed extravaganza not notable for genuine Offenbach wit or satire, returns for a further round of performances led by Lillian Watson and Terry Jenkins. Dargomizhsky's Stone Guest and Mozart's Don Giovanni, two very different versions of the Don Juan legend, both continue in repertory, each in a performance with a good deal of theatrical interest and musical skill to offer. (836 3161).

VIENNA

Staatsoper: *Der Rosenkavalier* conducted by Kout with Te Kanawa, Fassbänder, Wise, Banfalvi, Slania, Zelenka; Otello conducted by Mehta with Domingo, Tomova-Sintov, Lilova, Bruson; Werther conducted by Plasson with Von Stade, Sasaki, Hensrud, Kraus (51 444/2655).

Volksoper: *Das Land des Lächelns*, conducted by Bibl; Der Opernball, conducted by Boncompagni; Der Fremdenführer, conducted by Bibl; Orpheus in der Unterwelt, conducted by Bibl (51 444/2657).

NEW YORK

American Ballet Theatre (Metropolitan Opera House): Cynthia Gregory, Marianna Tcherkassky and artistic director Mikhail Baryshnikov return for the spring season of mixed programmes, including company premieres of Sunset choreographed by Paul Taylor to Elgar and Enough Said, Clark Tippet's choreography to George Perle's music. Lincoln Center. Ends June 13 (362 6000).

New York City Ballet (New York State Theater): More than 40 works by Balanchine, Robbins Peter Martins and other choreographers will be part of the two-month-long 80th season, including two new works by Martins set to music by Handel and Michael Torke. Ends June 28. Lincoln Center (870 5570).

TOKYO

Asami Maki Ballet Company in works from classical ballet repertoire. Chuo Hall. (Wed). (460 9411).

Butoh (Japan's unusual contemporary dance): Anzu Furukawas formerly of renowned Sankaijuku Troupe. The Mermaid, Parco Stage Lab. (Thurs). (477 5874); Min Tanaka choreographing works by Western disciples, Tass de Quincy (Mon), Montsi Garcia (Tues), Katerina Bakatasaki (Wed), Plan B, Nakano Fujimicho (384 2051).

Saleroom/Antony Thorncroft

Marilyn appreciates

Sothebys held a routine sale of antiquities yesterday which produced a total of £123,194 and 22.36 per cent unsold, a high figure but not unusual in this market, where there are relatively few buyers and many worries about authenticity.

The top price was the £3,740 paid by the London dealer Charles Ede for a group of ten small Egyptian bronzes of around 600 BC: the top estimate had been £1,000. Another London dealer, Korban, bought a group of miscellaneous Egyptian antiquities for £3,080, *and the same sum secured a* Luristan bronze sword of the first millenium BC, plus five others thrown into the lot.

This was all low key in comparison with Sotheby's London sale on Friday when it secured another world record price for a Teddy Bear of £8,800. It was paid by the American dealer Richard Wright, who dominates the market. It was, of course, made by the German firm of Steiff, around 1913, and although only 20 inches high and no real danger to anyone this Teddy wears a muzzle.

The other highlight of the auction was the show girl dress worn by Marilyn Monroe in the film *Bus Stop*. It was not actually disposed of at the sale but afterwards the Grosvenor Gallery of London bought it for £15,950 in a deal arranged with the vendor, who was in the room. In 1975 Christie's sold the dress, which is missing a few sequins and contains a notable hole in the fish net stockings, for just £380.

In New York over the weekend Sotheby's disposed of continental furniture for £2,297,874, with a modest 8 per cent unsold. An Italian Baroque marble table top of the first half of the 17th century, measuring 4 ft 5¼ ins by 32½ ins, sold for £177,836, around five times its forecast, and a Louis XVI ormolu mounted mahogany bureau plat, made in the late 18th century, and signed G. Benneman, comfortably beat its top forecast at £129,335.

The sale suggested that French furniture was returning to favour after a tricky patch. A Regency ormolu mounted ebonized bureau plat of around 1720 was on target at £129,335 while an unusual item, a German neo-classical ormolu mounted mahogany piano, signed and dated by David Roentgen and Kinzing, 1785, made £122,868, as against an estimate of around £20,000. It was created for the Russian Czar's court.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Tuesday May 19 1987

Right down the middle

SINCE its formation in 1982 the Alliance between the Liberal and Social Democratic parties has become a serious third force in British politics that may one day be challenging for first place. Thus its manifesto ought to be seriously discussed as a draft programme for government, unlike the old Liberal manifestos which contained a mixture of good and zany ideas — the good being stolen by the big parties and the zany best forgotten.

"Britain United," published yesterday, passes all the conventional tests. It is serious, it is comprehensive and it is costed. On this basis, the Alliance would almost certainly be the second choice of the majority of both Labour and Conservative voters.

With the one important exception of constitutional reform, the manifesto goes right down the middle between the two senior parties. It has accepted privatisation, but would not carry it too far. It endorses Britain's independent nuclear defence capacity, but rejects the more powerful Trident as the successor to Polaris. It is not wholly opposed to civil nuclear power, but is against going ahead with the pressurised water reactor at Sizewell at the present time. And so it goes on, not so much seeking compromise for its own sake as putting forward a natural middle way between what it regards as the reactionary excesses of Labour and the radical excesses of Mrs Thatcher's Tories.

Solving problems

The proopsals can be divided into the good, the bad and the questionable. Among the bad is the call for statutory reserve powers to impose a counter-inflation tax on companies which are judged (by whom?) to be paying too high wages. That is a reversion to the past and is incomes policy by another name. There is also a harking back to an industrial strategy that rarely worked when it was employed in the 1960s and 1970s and which seemed to have gone out with the last Labour Government.

Among the questionable is the proposal to introduce Industrial Investment Bonds to facilitate the setting up of new businesses. They exist in other countries. There is no reason why they should not be tried in Britain, though by now there are manifold ways of raising start-up capital.

Rather more questionable is the insistence that problems can be resolved by the establishment of Royal Commissions and changing the names and functions of government departments. Under the Alliance there would be a Royal Commission to review the question of police accountability, and another on the presentation of violence in the media. There would also be a new Ministry of Justice, a new Department of Environmental Protection headed by a Cabinet minister and, again with a seat in the Cabinet, a unified ministry with responsibility for the arts, broadcasting, films, publishing, leisure and recreation. Taken together, the proposals sound positively Wilsonian. That does not automatically mean they will lead to solutions.

Constitutional change

Yet where the manifesto is good it is very, very good. Foremost is the emphasis on the alleviation of poverty and the longer term plan to merge the tax and benefits system, and the employees' national insurance contribution with income tax. The attack on poverty should be at the heart of every manifesto in this election. There are also some good smaller ideas: for example, the "rent-a-room" scheme to encourage labour mobility and to allow those with spare living space in their homes to make some income.

Best of all, however, is the section on constitutional change, otherwise called the Great Reform Charter. However, the Alliance fares in the election it will have done well to have put this subject on the agenda. As the manifesto points out: "Democracy in Britain did not just happen. It was the product of reform." Save for the introduction of the departmentally related Select Committees in the House of Commons, it has been a long time since there has been anything comparable to a Reform Act. The House of Lords, regional and local democracy and the role of the public service all need looking at again. The Alliance has taken the lead.

There remains proportional representation of which the Alliance is, of course, in favour. The election will take place under the existing rules of first past the post. Yet the results should serve as a basis for an inquest into whether the present system combines the right mixture of fairness and effectiveness. It should not be ducked, even by the winners.

Battle for power in Fiji

THE coup d'etat in Fiji is a pertinent reminder that the South Pacific is no longer a playground of lagoons, coral reefs and Pacific islanders living a life of idyllic harmony, untouched by the rough realities of the greater world.

The circumstances leading to last week's military coup are based in colonial histor yand deep-seated racial disharmony. They are not therefore directly connected with the wider geopolitical issues such as strategic Soviet and Libyan liaisons among the island communities in the region.

Nevertheless, the Fiji insurrection is one more example of instability in the region and further proof that Australia and New Zealand, as the main democratic states in the South Pacific, have much lost time to make up in developing political and strategic relations in their natural area of interest.

During the last century the British colonial masters in Fiji imported labour to the islands to harvest the principal commodity, sugar cane. Te descendants of these Indians now just outnumber the idiginous Melanesian Fijians and are close to becoming a numerical majority in the islands.

Military putsch

Last month the inevitable happened; in a democratic general election Dr Timoci Bavadra's left-leaning coalition, supporting a policy of non-alignment and backed mainly by Indians but also some very poor Melanesians, was elected to power. He replaced Ratu Sir Kamises Mara, a Melanesian chief whose pro-western government had ruled since independence from Britain in 1970.

The Melanesian dismay at such an outcome cannot be overestimated. Its strength has prompted the third ranking army officer to lead the South Pacific's first military putsch against a democratically elected government.

Whatever the underlying reasons for the coup it is in the interests of all that the ruling provisional council be invalidated and that Lt Col Sitiveni Rabuka, the 38-year-old Melanesian coup leader, be removed from power and command of the armed forces as quickly as possible.

Fiji is one of 18 independent Commonwealth states for which Queen Elizabeth is head of state but over which the British Government and its departments has no authority. As Dr Bavadra has managed to appeal for international help from his house arrest the crisis becomes a classic issue for the attention of the Commonwealth. The nature of any Commonwealth involvement must depend on events on the islands over the next few weeks.

Ethnic diversity

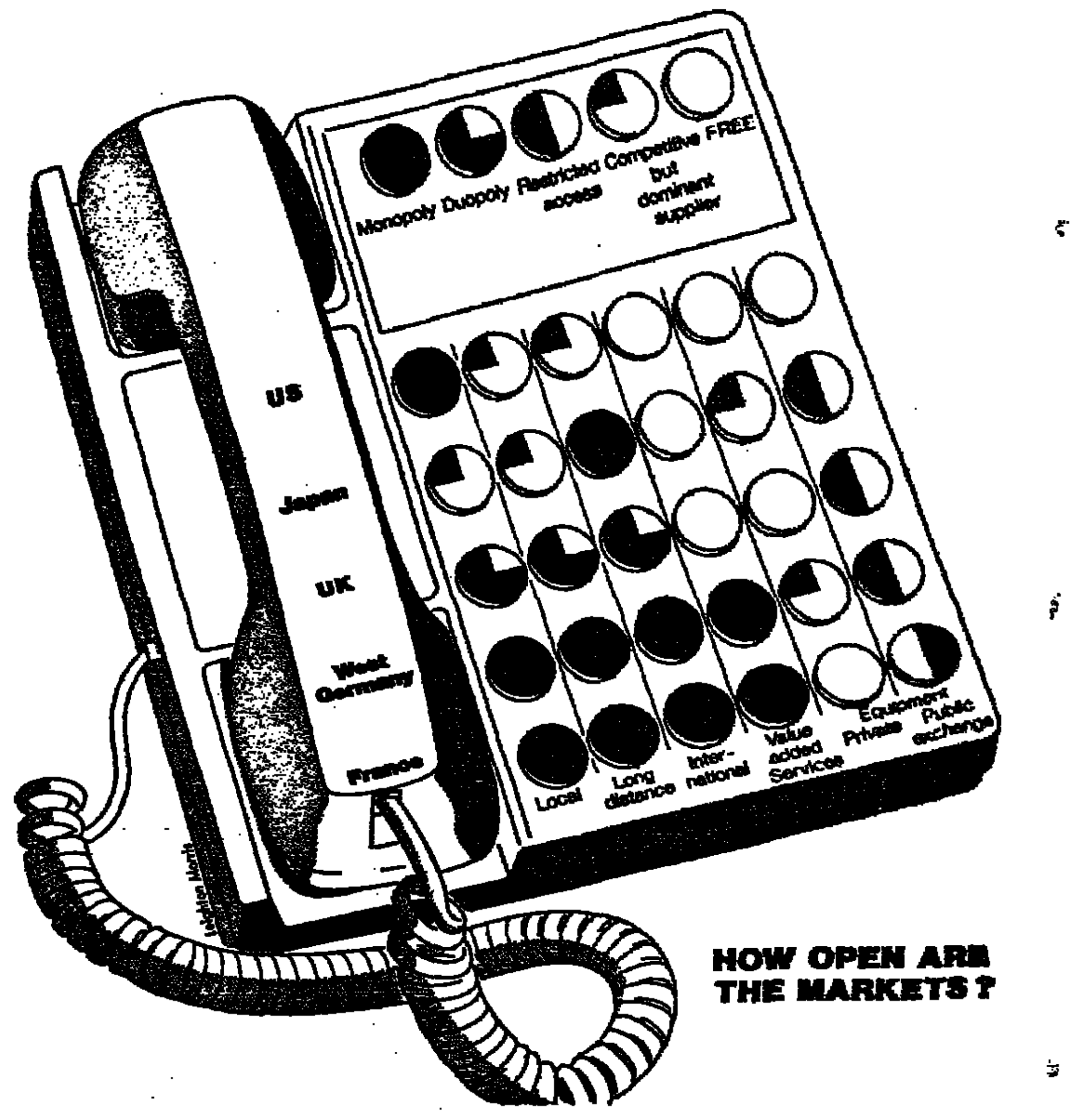
In the meantime ostracism by other Commonwealth countries and all their South Pacific neighbours — including Australia and New Zealand—would therefore be a powerful force against the coup. The rebel regime has been rejected by Fiji's judiciary and by wide sections of the islands' communities as shown by the extent of support for yesterday's general strike.

Tiny island states, separated by large distances of ocean, cannot easily or happily exist in shunned isolation. So it is to be hoped that all such peaceful pressure as can be brought to bear will restore democracy and the constitution to Fiji as quickly as possible. That will leave the island's political and community leaders to wrestle with the internal problems which stem from the ethnic diversity of the local population. Australia and New Zealand, for their part, must use their influence to help the process of reconciliation and the return to democracy.

World Telecommunications

Slowly the lines are opening

By Terry Dodsworth and David Thomas



HOW OPEN ARE THE MARKETS?

IF THERE were any remaining doubts about the emergence of telecommunications as a genuinely global industry, they should have been dispelled by two prolonged rows this year. The efforts of Cable & Wireless to break into the Japanese market and the campaign by American Telephone and Telegraph to do the same in France, have demonstrated telecommunications' coming of age — complete with supporting cast of ministers, intervening ambassadors and enraged corporate executives.

Yet as the world creaks towards a more open market in telecommunications, it is evident that the pace of change is enormously variable from country to country. It is these differences which lie at the heart of the conflicts. Countries whichk are liberalising most quickly are also tending to lose market share, exposing their domestic companies to new competitors at home without compensatory opportunities overseas.

Political pressures, both internal and external, will continue to have an important role in shaping liberalisation in each major industrialised country.

The US Congress recently turned up the heat on the monopoly held by the Bundespost in the West German telecommunications market, widely considered one of the most closed in Europe. Legislation requiring the President to retaliate against countries that do not open their markets to US goods specified the Bundespost monopoly as an irritant. In the UK, the pace of further liberalisation will be affected decisively by the general election: if the Conservatives are returned, moves to weaken the duopoly held by British Telecom and Mercury Communications are almost certain.

Yet, although telecommunications will remain peculiarly susceptible to swings in political fashion, there is an underlying trend towards liberalisation which seems unstoppable.

Technological developments are seeing to that. Spiralling costs—developing a new public exchange can boost $1bn (£596m)—are forcing equipment manufacturers into international alliances to spread the burden.

Users are voting with their feet where they can. The high cost of telecommunications in West Germany is widely seen as a major distincenutive to footloose multinationals locating communication centres there. High-speed data lines cost up to 15 times more there than they would in the UK or the US, according to a recent report by McKinsey, the US consultants.

Yet although the pressures are the same in many countries, the extent of liberalisation and the form taken varies widely.

For a start there is the distinction between services and equipment. These two sides of the telecommunications business are inextricably linked because of the intense, paternalistic relationship which has existed in the past between the network operators and the equipment suppliers. As national monopolies, telephone companies have been obliged to foster domestic suppliers

The differences between these two aspects of the business are now, however, being thrown into sharp relief. As the chart shows, liberalisation is proving much easier to introduce on the equipment than on the services side.

At one end of this spectrum, where the greatest amount of competition has emerged, is the manufacturing of equipment for the private market, such as private exchanges and telephone handsets. Historically, the service utilities maintained a grip over this area. They tended to vet products that had to be connected to the public system or to have a monopoly over the distribution of these products.

Today, these controls have been widely reduced.

The large deficit in US telecommunications trade, currently at around $1.6bn, is primarily due to the influx of equipment of this kind, from cheap Korean telephones to private exchanges from NEC of Japan. Even West Germany is bending to the prevailing wind.

Throwing open the market in public exchange equipment, however, has proved more tricky. Genuinely competitive conditions in this field have been achieved so far only in the US, and even there the market is largely in the hands of AT & T and Northern Telecom of Canada.

The reason for this high degree of control over the public exchange sector goes back to strategic industrial issues. Governments have tended to support a local national champion in the telephone switching market because the products have been seen as technology leaders, and even in the present era of liberalisation, changes in this field are often highly politicised.

The long battle for control of France's CGCT is a paradigm of how political these issues can become. AT & T protested that Siemens of West Germany should not be given preference in taking over the company simply because of European industrial horse-trading — and Ericsson of Sweden was allowed to emerge as a compromise between the two.

It is difficult to see this market in big switches ever becoming a commodity-type business with a multiplicity of competing systems. Development expenditure is so high and the relationships between the supplier and the user so close that the business demands long-term commitments. More likely is a gradual attrition in the number of players willing to accept the risks, so that eventually several countries will have no national champion to look after.

On the service side of the industry, on the other hand, the primary way of injecting competition at present is to multiply the number of operating companies to provide choice. But this is tricky, because it is not easy to nurture a competitor to a monopoly without introducing new protective regulations for the newcomer. Moreover, in smaller countries, it is arguable that genuine economies of scale are incompatible with competing basic networks:

As a result, competition in this sector of the market is extremely limited, the pace of change slow, and differences between countries marked.

At present, the US has undoubtedly gone furthest towards service deregulation. Although the big regional operating companies remain monopolies in the local telephone market, competitors to AT&T have been allowed to emerge in long distance, and similar competition is being encouraged in international connections.

In Europe, the picture is very different. Only the UK has shifted substantially in the direction of the US, and because of the different structure of the British industry, the type of competition is somewhat different: the introduction of Mercury, the alternative to British Telecom, is aimed at creating a rival in services right across the board—in local calls, long distance and international.

The Bundespost is under little internal pressure to liberalise. Rather vague proposals issued by a government commission in February centred on separating the Bundespost from the Ministry of Posts and Telecommunications and then splitting the operational parts into two: a monopoly switching and transmission business, Telenetz, and a services group, Teledienst, which would be responsible for value-added services (information packages, supplies of specialised data) in competition with private companies.

The French Government is planning to put to parliament before the end of the year a new law liberalising telecommunications and gradually breaking the monopoly of the Direction Generale des Telecommunications.

However, it is still likely that even the avowedly reformist French Government will draw back from introducing a competitor to the DGT.

The attitude of both of these countries, particularly West Germany, seems to flow largely from a belief that their industrial development is best served by supporting local manufacturers rather than by cutting telephone tariffs.

Japan, so often pilloried for its protectionist sentiments, stands out as a brave innovator in this area. Two years ago, the monopolies held by NKK in the domestic market and KDD in international communications were officially broken; since then, four companies have started operations inside the country albeit on a limited basis, and the fate of an alternative long-distance supplier is being decided in the conflict with Cable & Wireless.

What is even odder about the Japanese position, given the country's history of protectionism, is that it wrote a law which allowed a foreign company like C&W to take up to 33 per cent in the international operating group. No other major industrialised country has even contemplated allowing foreigners such a large stake in its basic telecommunications services.

Japan's drive towards more competitive markets has been prompted by the appalling quality of its telecommunications services. The system is underdeveloped, with spending on telecommunications standing at less than 0.07 of gross national product, against a rate of 0.37 per cent in the UK.

One area of services — the newest — is more of an exception to this story of limited competition. Value-added services are among the freest areas of telecommunications.

Free in the US and the UK, they are developing reasonably well in both countries. In West Germany, by contrast, there are no foreign electronic mail services available yet.

This could be a serious defect for Europe in the future: if the telephone is to develop as the central instrument for the delivery of far more electronic services to both home and industry

If the pace of liberalisation varies from country to country, so too do the structures which liberalisation is bringing with it.

The US model — different competitors in long distance and international services and local monopolies — is unique. So too is the Japanese: separate domestic and international carriers, which are tobh feeling the first winds of competition.

Even in Europe, so long the domain of the monopolistic baronies, variations are emerging. The UK, with the privately owned BT and a second network, is out on its own. But other countries are creating their own structures: the Netherlands, for example, is giving its service greater distance from the government by allowing it to raise money on its own account in the capital markets.

So although the global trend is towards liberalisation, the consequence by the turn of the century might be greater diversity in telecommunications structures than exist at present.

Yet it will be surprising if greater competition does not show up as two common strands running through this increasing diversity. It is forcing the previous monopolies to become more efficient. It is also forcing them to bring their prices more into line with costs, by boosting local and cutting long-distance charges.

Liberalisation will ultimately be judged against these two yardsticks. In particular, domestic subscribers, the group most sensitive to increases in local charges, will want to see more of the efficiency gained from competition feeding through to them. So far, the benefits of liberalisation have gone mainly to the business sector. For the most part, the domestic subscriber remains to be convinced.

Additional reporting by Peter Bruce in Bonn, Paul Betts in Paris and Carla Rapaport in Tokyo.

Men and Matters

Edell becomes societies man

Stephen Edell, the first building societies ombudsman, doesn't know "an awful lot" about building societies, according to the man who head-hunted him, Richard Addis of Tyzack. "But it is probably better that he doesn't," Addis reflects.

An ombudsman in this new job will have to be sympathetic to people who feel they have been cheated by a building society. Too close an association with the industry might have been thought to compromise his independence.

Edell, aged 54, a solicitor, spent eight years as one of the law commissioners reviewing Britain's legal system.

Sorting out whether Mr Smith did not, as he claimed, get the £50 from the cash dispenser which he was debtee for may not strike everyone as a glamorous position in the financial world.

But it will certainly require a great deal of tact and experience.

The building societies ombudsman is modelled on the banking ombudsman. He has the power to make an award of up to £100,000 to aggrieved customers.

His role is sure to increase in importance as the building societies spread their wings to take advantage of the new Building Societies Act, and experiment with new areas likely to earn them an extra bob or two.

Modern tunes

John Broadwood and Sons, piano manufacturer for the past 259 years and now based in the harmonious setting of Milton Keynes, is applying new technology to the improvement of its designs.

The company has engaged the Government's National Engineering Laboratory to work on new shapes and stress characteristics for the frames of its pianos, the parts of the instrument normally made from metal which are responsible for the tone of the finished product.

If all goes well, the programme should produce a new type of piano which Broadwood hopes will boost its sales abroad, where it has lost ground to Japanese rivals.

Broadwood has already used the technical centre of GKN, the UK engineering company, to help improve the tuning of its pianos—seeking help from that quarter, it seems, mainly on the grounds that Sir Trevor Holdsworth, GKN's chairman, is a keen pianist.

Out of court

Could it be that the Australian treasurer, Paul Keating, has acted unwisely in wielding the budgetary axe?

That definitely would be the popular view in Tokyo, where the news that part of the Australian embassy's spacious grounds are to be sold off has been greeted with unalloyed dismay by Australians, Japanese, and assorted other interested parties.

The worry is that the surplus-to-requirement land covers the embassy tennis court. Tennis players in Tokyo have been known to lie, steal, and sell their children into slavery in pursuit of a court—an even scarcer commodity in Japan than foreign cars.

The US embassy has two, but they are used by some 700 American diplomats. The British compound boasts just one, recently resurfaced but with access rigorously controlled by an authoritarian committee.

The more relaxed Australian facility, where the quality of play has tended to be appropriately high, has thus been in much demand.

"Our Special Election menu —anything you want until June 11th"

Keating might, with advantage, consider privatising the tennis court. Admittedly selling the land will reap a small fortune, given the astronomical price of land in the Japanese capital.

But even greater income could accrue from selling court time at £20 on hour, or thereabouts. That is the going rate for a game of tennis in Tokyo.

News room

When Lord Rothermere, acting with the spirit of the old Fleet Street newspaper barons, decided to revive the London Evening News there were those, not least his rival for the evening paper market, Robert Maxwell, who saw it as one of the most cynical short-term spoilers of all time.

Now there are growing signs that, despite a daily circulation that is a lot closer to 50,000 than 100,000, Lord Rothermere really means his paper to succeed.

The appointment of a new editor—Lori Miles who has amassed a circulation of 600,000 for the populist Chat magazine—is being taken as a sign that Rothermere intends the paper to stay on the streets.

But, journalists come and go. Maxwell will find bricks and mortar stronger evidence of his rival's intentions. He should note that the architects who are designing the new offices for Mail Newspapers above what was the old Barker's department store in Kensington are busy including accommodation for the London Evening News.

And the move of Associated's Fleet Street titles to Kensington doesn't begin until June 1988.

Speakers' corner

It does little for my creaking joints to report that Men and Matters celebrates its 50th anniversary this year.

The column started with the penetrating wit for which it has since been famous: "The funniest thing I heard at the P & O dinner. . ."

Some of my predecessors have been driven into less demanding jobs such as chairman of the Arts Council.

But while Observers come and go the tailpiece stories linger on.

And we have now published a booklet of some of the more excruciating jokes.

The FT press office will be glad to send copies to anxious readers planning after-dinner speeches.

Every line is, of course, a laugh: "Blessed are they who run around in circles. For they shall be called 'Big wheels'."

Observer

Letters to the Editor

Those who want to work and those who don't

From Professor R. Layard and Mr A. Clark.

Sir, — Unfortunately Lord Young (May 15) has not answered our main point. To evaluate what is happening in a country, we have to consider all its people and understand what they are doing. We can divide people into those wanting to work (the employed plus unemployed) and those not wanting to work. If we accept the official statistics, we can then make a remarkable discovery. Since last June the number of people "not wanting to work" has increased by 158,000. Is this really what the Government believes and wishes to take credit for?

Of course not. Nor do we. But the truth is even more uncomfortable for the Government. For the truth is that measured unemployment has fallen because many of those formerly classified as unemployed are now classified as not wanting work. This is the effect (for good or ill) of the restart programme, the new availability for work test and instructions to benefit offices to ensure that people are on "the right benefit."

Or can the Government suggest some other reason why the number of people wanting work just happened to fall when unemployment fell? The proportion of people who want to work does not just "vary from time to time" without a cause. In fact it had been rising strongly over the three years up to June 1986, as the table shows. And then apparently it suddenly fell. If we assume instead that the true figure continued rising as in the previous year we should conclude that true unemployment had remained unchanged since last June.

So it is not feasible for Lord Young to focus only on jobs and measured unemployment, as he would like to, and to ignore the rest of the total population. He must account for what is happening to everybody, including all the extra people he believes have ceased to want to work. If he tried to do this, he could never conclude that "the overwhelming reason for the fall in unemployment since the middle of last year has been an increase in employment and the figures show that."

Turning to the question of job performance since last July, jobs have risen barely any faster than the number of people of working age. (This is if one assumes self-employment to have risen little, as in the previous year, rather than a lot, as the Government does.) For jobs to rise in line with population is no great achievement, especially when there is mass unemployment. Our population has trebled since the middle of the past century, and so has the number of jobs. But that cannot be laid to the credit of successive governments. Where government can help is in offsetting downward shocks and avoiding shocks of its own. This the Government has failed to do. After eight years, unemployment is still three times what it was in 1979. And the proportion of our people who have jobs is way below what it was then. Here are the key figures (employment as per cent of people of working age)

June 1979	75.1
June 1983	68.3
June 1986	69.8
April 1987	70.0

We are wasting the lives of our people and their talents. And true unemployment is falling little, if at all.

(Prof) Richard Layard,
Andrew Clark.
London School of Economics,
Houghton Street, WC2.

POPULATION OF WORKING AGE (GB)

	Employed '000	Unemployed '000	"Not wanting to work" '000
June 1979	24,464	1,078	7,028
June 1983	22,756	2,776	7,768
June 1986	23,657	3,087	7,147
April 1987	23,839	2,894	7,305

Sources and assumptions available on request.
Figures seasonally adjusted.
All figures GB (Lord Young used UK employment with GB population).

Local manual workers pay

From Councillor A. Wyatt

Sir,—I am afraid Philip Bassett's report of the local government manual pay negotiations (May 13) wanders into serious inaccuracy.

While his account of the state of the negotiations is accurate, his version of the "significant change" since the meeting in Scarborough is not. It is true that the informal offer sounded out in April was opposed by the Conservative group and on behalf of the Association of District Councils I spoke then and since of our concern that the package was too expensive and the benefits from the changes in conditions of service too uncertain. It is also true that the employers' position on Tuesday was unanimous.

What is quite wrong is the suggestion that we have been urged to drop our opposition. I was the principal spokesman for the Conservative group on the employers' side in the negotiations on Tuesday and I can assure you that our soundings most certainly did not produce this conclusion. Rather, they re-inforced our concern about the difficulty of securing improvements in efficiency and working arrangements to compensate for the high direct cost of the pay elements.

The Conservatives took the realistic view however that since the pay figures had been so widely quoted and had the support of the majority Labour group, nothing would be achieved by voting against that element of the offer. We have concentrated, as our local authorities have urged us to do, on tightening up the terms of the agreement which might help us to moderate the overall cost and were pleased to be able to reach a common position with the Labour group on this point to produce the united employers' response.

(Councillor) A. G. Wyatt
(Chairman, Manpower Sub Committee),
Association of District Councils.
9 Buckingham Gate, SW1.

Assessing risks in travel

From Mr B. Craven.

Sir,—I read with interest the comment (May 14) by Dr A. Landy on the "Happier landings" article. Dr Landy states that "if risk were calculated as death per passenger-journey flight would be seen as the dangerous form of public transport that it is."

I would suggest that this is a spurious form of assessing risk. Suppose the average car journey is 5 miles and the average number of passengers is two. It is surely incorrect to compare an average journey of five miles with an average air flight journey of, say, 500 miles. To get a proper comparison we should compare 100 journeys by car with one journey by air.

Having done this it is surely incorrect to compare the equivalent number of car journeys carrying two people with one flight carrying an average of, say, 100 people. To compare like with like the risk associated with one flight should be divided by 50 to give equal weight to the passengers carried.

After making these adjustments, however, we have, in effect, calculated the risk per passenger mile which is the statistic Dr Landy originally criticised.

B. Craven.
Newcastle upon Tyne Polytechnic, Northumberland Building, Northumberland Rd, Newcastle upon Tyne.

A conference worth trying

From Mr A. Ibrahim

Sir,—We are happy to see that the subject of peace in the Middle East again arose in one of your lead articles ("A conference worth trying," May 13) and the article in question certainly indicates many of the complexities on the path to peace. This said, one vital factor was missed out or rather treated as subsidiary, namely the attitude of the Palestinian people and their internationally acknowledged sole legitimate representative, the PLO.

Even leaving aside the resolutions of the Palestine National Council, last month, the situation remains that the Palestinians will not be dictated to when their future and their aspirations are at stake. The Camp David autonomy plans were brought to nothing due to the determined resistance of the people of the occupied territories. Mr Peres' search for that mythical beast, the "non-PLO Palestinian representative" floundered on the same rock of resistance (as Mrs Thatcher can testify after her meeting with West Bank and Gazan Palestinians in the British consulate in East Jerusalem). Palestinians in Lebanon did not face death, injury and starvation for five months to see the Palestinian independence which they embody lost elsewhere.

All must recognise that however well Middle East peace plans may be laid, if they attempt to circumvent the PLO they will fail because to circumvent the PLO is to circumvent the Palestinians the denial of whose rights are the core of the conflict. Until and unless Mr Peres recognises this, the Palestinian adage about Likud and Labour will remain true — "Pepsi Cola, Coca-Cola."

Ahmed Ibrahim.
(Information Department),
Palestine Liberation Organisation,
4 Clareville Grove, SW7.

Put new issues to auction

From Mr W. Hodgson

Sir,—Following the recent introduction of the US style "auction" for the sale of gilt-edged securities and the enormous subscriptions from investors for shares both in Rolls-Royce and Sock Shop, it is surely time for banking houses to rethink the whole procedure of issuing equity capital for new companies. Even allowing for the present strength of the equity market, it is ridiculous to print thousands of full length prospectuses, spend millions on advertising and underwriting, when it is apparent, as in the art works of Mr Vincent van Gogh, that the best expert is nearly always wrong when it comes to price.

I would suggest that the whole farce of stags, multiple applicants, gross oversubscriptions, underpricing, exorbitant issue costs and accountants becoming detectives, can all be avoided. In a new issue, the lead bank(s) could issue full length prospectuses to other institutions and invite their "tenders." During the tender period, the publication of mini-prospectuses, in the required number of newspapers would be accompanied by prospective tenderers distributing mini-prospectuses. A "tender" period of, say, five business days would be followed by an auction of parcels of shares. Let's make these post Big Bang distribution networks work, at their own risk.

Pay the lead bank(s) a small percentage for underwriting a minimum tender price. Doubtless, the bidders at the auction can look after themselves. Why spend millions to learn that price is the point at which supply meets demand?

William Hodgson.
65, Bute Gardens, W6.

Response to nuclear risk

From the Excutive Director, Greenpeace

Sir,—In your report (May 12) on the Sizewell debate in the Commons of the previous evening, you quote that Mr Peter Walker, Secretary of State for Energy, "dismissed as 'Greenpeace propangada' assertions that no new nuclear stations had ben ordered in the US since 1978."

In fact, Nuclear Engineering International, based on information from the US Atomic Industrial Forum, tells us that not only have no new nuclear power stations been ordered in the US since 1978, but that all those ordered in the years 1974 to 1978 have been cancelled or deferred.

It seems that Mr Walker finds it difficult to comprehend that in the US the only logical response to the safety risks of nuclear power, is a halt to further expansion. What a pity the UK has not chosen to follow its special ally on this issue.

Allan Thornton.
30-31 Islington Green, N1.

Management education

From Professor C. Levicki

Sir,—Mr Allen's wry letter (May 2) about the deliberate creation of an exclusive class of MBA in the UK was an amusing indication of a serious problem.

For many decades of this century the key to profitability in companies was cartel-like arrangements between federations of producers who erected barriers to entry and maintained those suppliers at higher than necessary prices to exploited consumers. It would seem that now a small group of established business schools in the UK look like emulating the worst practices of the past imperial British industrial society. They, like their predecessors, appear to be doing a disservice to the future of British commerce and industry.

It is vitally necessary that this country expands massively management education of good quality whether for business degrees or MBAs. It is further necessary that we make a major investment with link up in management development within corporations as managers move up the hierarchy and need to generalise their skills and conceptual powers.

Professor Cyril J. Levicki.
Queen Mary College, Mile End Road, E1.

Unfair to trust managers

From Mr J. Toms

Sir,—Professor Norman Simmonds (May 14) does unit trust managers an injustice.

The All-Share index does not have to carry the losses incurred when companies fail completely, and are dropped from the index and replaced by healthy new entrants; a unit trust carries its total losses along with its successes.

J. W. Toms.
46a Station Road, Marlow, Bucks.

Money-spinning with-profit policies

From Mr B. Chadwick,

Sir, — The letter (May 12) by Geoffrey Bowler of Sun Alliance in defence of Sun Life claims that the directors of a proprietary life assurance company are "in effect trustees for their captive policyholders".

Virtually all proprietary life offices in this country operate what is called a 90/10 profits ratio. What this means is that 90 per cent of the surplus is distributed to policyholders while 10 per cent goes to shareholders. This formula was devised right at the outset of with-profits business some hundred or more years ago. In those days, the with-profit policyholders paid a small amount more — maybe 10 per cent extra — than the non-profit policyholders. Bonus rates were only of the order of 1 per cent of the sum assured and the 90/10 formula represented a fair division of the surplus that arose even though the with-profits policy-holder was only paying a small extra premium. What has happened over the years is that bonus rates have gradually increased to today's levels around 5 per cent compound on the sum assured and existing bonuses. But with-profits policyholders have had to pay a bigger and bigger loading so that today their premiums are typically 80 per cent to 100 per cent greater than those for a non-profit policy. Investment skill, efficiency of operations and profits on other types of business all create some surplus, but a very substantial part of the surplus arises quite automatically by the payment of heavily loaded premiums. And the shareholders automatically get their pound of flesh from all "surplus" however it has arisen. In the case of a 90/10 profit split the effect is that a policyholder in a proprietary company is giving about 5 per cent of his premiums straight to the shareholders.

Look at the past performance tables of with-profit policies and the case is proven. Mutual companies dominate the top end of the tables, and on average the mutuals outperform the proprietaries by at least 5 per cent.

If the directors were truly acting as trustees for their policyholders, they would question whether the shareholders should be entitled in today's conditions to anything like 10 per cent of the surplus.

Now one could argue, as Mr Bowler does, that "any fit and proper person should be free to form and operate a life assurance company in the United Kingdom and invite the public to buy his policies". I agree. Caveat Emptor. But the poor old emptor is not told on the sales literature of either Sun Alliance or Sun Life (or, I believe, any other proprietary company) that part of the surplus from which his bonuses come is passed to the shareholders. Both companies refer in their quotations to a uniform rate of investment return that has been laid down by the Association of British Insurers (ABI). The ABI guidelines allow proprietary offices to assume the same rate of interest for their illustrations as is used by mutual offices, even though the former would have to earn substantially more on their funds to be able to pay out the same as the latter. Furthermore, the draft product disclosure guidelines of LAUTRO, which will be responsible on behalf of SIB for regulating the life assurance industry, have copied the ABI practice. The LAUTRO draft "cooling-off notice" does not mention that part of the surplus may be payable to shareholders. If we are to have true product disclosure then surely this is a vital factor of which the buyer should be aware? LAUTRO should change its rules. But with a number of proprietary offices represented on its committee, I wonder if it will?

In many cases proprietary offices are buying up estate agents or other intermediaries as fast as they possibly can so that they can secure a guaranteed market for their money-spinning with-profit policies. What they must realise is that, from now on, an independent intermediary whose duty it is to give best advice to his client will have to find compelling mitigating circumstances before he recommends a with-profits policy from a proprietary office.

Bob Chadwick,
William M. Mercer Fraser, 16 Caxton Street SW1.

European farm price talks

West Germany digs in

By Tim Dickson in Brussels

INTELLECTUALLY, the ground could hardly be better prepared for tough decisions at the meeting of European Community farm ministers which began in Brussels yesterday.

Last week's strongly worded communique from the Organisation for Economic Co-operation and Development denouncing farm supports as wasteful and economically destructive has added a new pressure to the EC's perennial cash crisis. Farm spending this year is expected to be Ecu 4bn (£2.76bn) above previous estimates.

Politically, however, the reformers' ground looks as barren as ever. Indeed, the European Commission's restrictive price proposals, notably for cereals, have exposed deep rooted differences in the structure of European farming. And all of this is lent spice by the fact that the forces of resistance to market-oriented change are led not, according to typecast, by France, but by West Germany.

Ignaz Kiechle: obdurate stance

Mr Ignaz Kiechle, the portly, affable minister from Bavaria to whom, as he puts it, "the fate of German farmers has been entrusted," has made most of the running in this year's negotiations and hinted in Luxembourg last month that he will veto parts of the present package. "They (the proposals) would have such fundamental consequences for German farmers that a profound crisis of confidence could, I fear, not be avoided—the impact of which could jeopardise progress in the development of the Community all of us are hoping for."

The starting point for understanding Mr Kiechle's obdurate stance is West German farm incomes, which have remained roughly constant in nominal terms since the mid-1970s and fallen well behind the rewards available to the Federal Republic's prosperous industrial class.

At DM 25,000 (£8,389) for the average annual wage of a farm labourer, government figures suggest that the gap between agricultural incomes and the sort of money that might be earned at Mercedes or Bosch is now in the region of 60 per cent.

The major reason for this is that West German farming—particularly in cereals where mounting world surpluses have forced the Commission to take an increasingly harsh line—is structurally highly inefficient by comparison with at least the other northern states of the Community (notably France, Britain and the Netherlands). Thanks to the large concentration of small family holdings in mountainous southern states like Bavaria, the average farm size in the Federal Republic is just 18 hectares (44 acres)

From Bonn's point of view, high guaranteed prices are essential to maintain the well being and stability of its politically powerful rural communities. That principle was established in the original CAP negotiations in 1962, when the EC's target prices for grain were fixed close to West German market levels—way above the amount needed to provide the more efficient and expansionist French cereals industry with a satisfactory return. The French could hardly complain; after all, West Germany was the paymaster of the Community, and Bonn was happy to foot the bill in return for lucrative access to markets for its industrial goods.

Increased self sufficiency in the developing world (and hence shrinking EC export markets), the development of grain substitutes like corn gluten, and continuing yield increases through technological advances are some of the changes which have worked with high guaranteed prices to create a Community grain "mountain" — forecast on present trends to exceed 100m tonnes by the early 1990s.

Heartened by action taken by farm ministers last December to curb spiralling surpluses in the beef and dairy sectors, the Commission has turned its attention to heading off the crisis elsewhere.

The trouble is that the efficient cereals farmers of France, Britain and the Netherlands can more easily (albeit reluctantly) afford to absorb cuts in the guaranteed price paid by Brussels than their West German counterparts. Britain's "peasant" farmers were effectively shaken out by the repeal of the Corn Laws in the 19th century, French farmers have been forced to keep their competitive edge in world export markets, the Dutch have capitalised on cheap inputs to exploit huge "factory" farms. But as one senior Commission official points out: "The structure of West German farming over the years has hardly budged."

If Bonn has become more addicted to high prices than other member states, West German farmers have also benefited greatly from "green" currencies and monetary compensatory amounts (MCAs). Green currencies translate common ECU-denominated farm prices into national prices. MCAs are a complex system of taxes and subsidies designed to even out the immediate effect of currency movements on cross-border agricultural trade. Introduced in 1969 to protect West German farmers from the combined effect of a hefty French franc devaluation and almost equally large D-Mark revaluation, MCAs may have maintained the principle of common prices, but over the years politically inspired adjustments and blatant tinkering have severely distorted the common market in agricultural trade.

The bitterness of Mr Kiechle's recent attacks on the Commission's price package stems from the fact that the proposed changes to the agri-monetary regime will hit West Germany harder than the rest. Bonn officials say that the proposed abolition of "positive MCAs" (subsidies for German exports, import taxes for everyone else) through revaluing the green D-mark—will represent a loss of income "of about 10 per cent" and that the Commission's ideas (which may be modified this week) "are not even a basis for discussion."

It is doubtful whether the average Bavarian farmer, any more than the average Community commentator, understands the mechanics of the agri-monetary system and the changes Brussels has in mind. But the campaign to stop positive MCAs being dismantled has almost assumed the significance of a religious crusade in parts of the country.

The system has also become an added burden on the Community budget. Substantial price increases during the 1970s and early 1980s enabled German farmers to absorb the price cuts which followed periodic revaluation of the green D-mark, but in 1984 new rules were introduced which effectively guaranteed German farmers stability in local prices and gave weak currency countries the opportunity to manipulate substantial "extra" price increases for their own farmers.

To be fair to the Germans, they are not without ideas. They backed the Commission's earlier proposals for encouraging less intensive production (a policy which has been pursued independently and with some success in Lower Saxony); they support plans in Brussels to pension off older farmers (one-third of German farmers are over 55 and half of these have no family successor); and they would be happy to limit Community cereals output through a system of national "production aims"

The trouble is that none of these ideas appeals to the French who, as bigger contributors than before to the EC budget, appear to be developing a taste for market-oriented CAP reform.

FINANCIAL TIMES

Tuesday May 19 1987

David Marsh assesses the likely effect of Sunday's election setback in W. Germany

Kohl leans towards the liberals

WEST GERMAN Chancellor Helmut Kohl, under pressure over his party's setback in Sunday's state elections, yesterday appeared to be moving towards acceptance of US and Soviet proposals to remove medium-range nuclear missiles from Europe.

Mr Kohl also made clear that his Christian Democratic Union (CDU)-led coalition would be paying more attention to the needs of West Germany's farmers. Defections in hard-pressed agricultural areas on Sunday cost the CDU a 16-year-old absolute majority in its stronghold of Rhineland Palatinate.

Mr Kohl's insistence yesterday that "enormous forces" would have to be invested in righting the problems of farmers indicates that Bonn will be mounting a still tougher opposition to agricultural price cuts favoured by the EC Commission.

Sunday's results in Hamburg and Rhineland Palatinate, the latest in a hectic run of five state polls and a general election since last autumn, underline the damage done to the German Right by its wavering over the arms control issue in recent weeks.

They also confirmed the growing attraction of the liberal Free Democratic Party (FDP), the junior partner in the centre-right Bonn coalition, for an increasingly volatile section of middle-ground voters.

The opposition Social Democratic Party (SPD), which was installed as the dominant power in its traditional bastion of Hamburg, and achieved a respectable performance in Rhineland Palatinate, showed that by concentrating on traditional working-class issues it may be about to recover some lost popularity.

Kohl: paying more attention to the farmers

The Greens ecology party, which has retreated towards left-wing fundamentalism in recent months, lost momentum.

Confirmed now as a party essentially of extra-parliamentary protest, in spite of the 8.3 per cent of the votes they won in the January general elections, the Greens may have passed their peak after a highly charged eight years on the German political scene.

Politicians were unanimous yesterday in attributing much of the blame for the CDU's losses on Sunday to the right's disarray over the latest superpowers' disarmament proposals.

Mr Kohl was anxious to correct the impression left by his hastily-prepared and ambiguous statement on arms control on Friday that he was trying, through the imposition of tough conditions, to block a US-Soviet accord on removing missiles of 1,000 km to 5,000 km-range from Europe.

He indicated that a compromise over arms control was shaping up on lines favoured by the FDP. The CDU has been at loggerheads with the FDP over the so-called "double-zero option" under which both shorter-range and longer-range intermediate nuclear forces would be dismantled.

This has been opposed by the CDU on the grounds that disarmament in these categories would leave West Germany, alone in Nato, exposed to the Soviet Union's shortest-range nuclear missiles as well as its superior conventional and chemical forces.

Mr Kohl said that his statement on Friday, which called for the inclusion of shorter-range (up to 500 km) missiles in the Geneva talks, was not meant as a condition for German acceptance of an overriding US-Soviet agreement on medium-range missiles.

The first important goal, the Chancellor said, was the clinching of a US-Soviet accord on missiles of more than 1,000 km range. This could be signed at a super-power summit meeting in the summer or early autumn, allowing the necessary 12 months for ratification by the US Congress.

The Chancellor repeated that attention must be paid to the other questions of shorter-range missiles and conventional and chemical forces, but emphasised that "on no account must the date (for the sealing of a medium-range agreement) be missed."

Mr Martin Bangemann, the Bonn Economics Minister and FDP chairman, warned that the CDU would have to underline its interest in disarmament in coming months.

His warning reflects the fact that Mr Hans-Dietrich Genscher, the FDP Foreign Minister, who has been the chief advocate in West Germany of dismantling both short-range and long-range nuclear weapons, now has his negotiating hand significantly strengthened.

The recent move of the UK government into line behind the US in backing the double zero option is yet another factor indicating that a compromise, based on the Genscher position, will be adopted at the Bonn coalition's next talks on the missile question on May 29.

UK pressure on missile option, Page 2

S. Korean police in crackdown on street protestors

By Maggie Ford in Kwangju

SOUTH KOREAN security police cracked down harshly yesterday on the people of Kwangju as they tried to commemorate those killed in the 1980 uprising against a military government led by President Chun Doo Hwan.

About 10,000 riot and combat police along with plain-clothed security forces patrolled the streets of this south-western city, indiscriminately firing tear gas at bystanders, religious groups and members of the victims' families attempting to show their support for democratic change in the country.

Only two gatherings were allowed. In a graveside ceremony outside the city, about 350 family members of the dead burnt an effigy of the President, calling for his resignation and for democratic change. Earlier, 10 angry berieved mothers set a govenment car on fire after security police had confiscated another ffigy. Riot police subsequently threw tear gas cannisters into the mourners' bus as it returned from the cemetery. Three people were injured.

At the city's main cathedral about 3,000 people attended a memorial service for the victims. About 1,000 mourners were allowed to hold a peaceful demonstration outside the church for about an hour before police moved in with a barrage of tear gas.

Thousands of students at Kwangju's universities were prevented from marching to the cemetery by riot police firing tear gas. More than 20,000 students demonstrated nationwide in favour of greater democracy.

At the cemetery, community officials read condolence messages from the country's two leading opposition politicians, Mr Kim Dae Jung and Mr Kim Young Sam.

Mr Kim Dae Jung, who was born in the Kwangju area, was sentenced to death for his alleged seditious role in the 1980 uprising. He was released under US pressure, travelled there for medical treatment, and returned to South Korea in 1985.

National Assembly members from the Reunification Democratic Party, which was formed early last month by the two Kims, attended yesterday's emotional ceremony at which the formal launching of a coalition of church leaders, students, lawyers, academics and dissidents working towards greater democracy was announced.

The group called for a return to the talks on constitutional revision which were suspended by President Chun early last month until after the 1988 Seoul Olympic Games.

The berieved families called on the US Government to stop supporting military dictatorship. The US is blamed in the city for not having put pressure on South Korea's leaders, apparently acquiescing in the decision to use the army to put down the rebellion.

THE LEX COLUMN

Mr Maxwell and the killer whales

There is one cardinal difference between sweeping in out of the blue and agreeing a friendly merger, which is that the premium for control tends to climb higher in a defended bid. Since the consideration mentioned in BPCC's cold call on Harcourt Brace Jovanovich is $2bn, Mr Robert Maxwell must be hoping that his protestations of friendship are taken at full weight.

The suggested price is cunningly pitched at $44, right at the top of HBJ's trading range, and roughly 50 per cent above a market price which had been clobbered by an announcement that 2m new shares were to be issued in an effort to bring down HBJ's indebtedness; but Wall Street's first reaction is to say that $44 will not be quite enough.

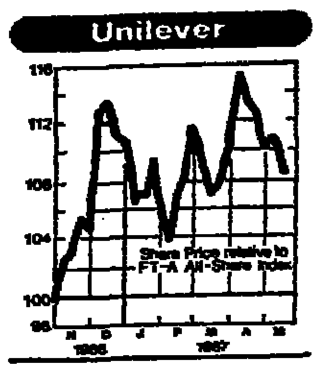
If BPCC runs this gauntlet, it will no doubt be launching some sort of paper on the US markets to provide most of the necessary cash. Beyond that, it is hard to imagine that Mr Maxwell's wish for a friendly merger will for long overcome the need to recoup cash by selling off peripheral assets; there does not appear to be much synergy between anything in BPCC and HBJ's collection of dolphinariums, and the latter are accompanied by quite a lot of saleable land.

Unilever

That ability to surprise, which Unilever possesses in such full measure, must be part of the reason for its continued discount rating. Fortunately, the surprise value of the 48 per cent first-quarter jump in profits was entirely positive. £70m or so of unexpected progress turned into the best part of £2 on Unilever's ultra-heavy share price, which closed at £30⅞.

Quite a lot of the unexpected can be explained away. The new slower depreciation is resulting in an even lower quarterly charge than analysts were looking for, which is a continuing feature, and the initial contribution of Chesebrough is probably a bit higher.

Yet it is not every quarter that Unilever can take in an extra six days' trading, or that its marketing programme in US household products will come so relatively cheap.



There are genuine operating improvements – money is being made in West Germany in detergents, for example. But what made this more than just a very good quarter is the demonstration how profitably Lever Brothers could be run if only it were not competitively necessary to buy all that expensive advertising.

BOC

It is getting to be a habit with BOC that its shares rise before and fall after it publishes results. Yesterday the shares were down 10p to 471p despite a 30 per cent pre-tax profit rise to £119.7m. Although tomorrow's meeting with institutional investors may revive the price temporarily, it looks set for a dull patch. That seems a little strange when the prospective p/e is a rather mean 13.2, on the forecast of a 20 per cent increase in earnings per share, with which the company appears comfortable even now.

Aside from the absence of last year's currency dealing profits, the translation effect of the falling dollar costs perhaps £½m for each cent move and there have been a few of those since the half-year ended at $1.61 to the pound. But thanks to that slide, the US-based carbon electrode business is now exporting over half its production, which must have played a large part in the £20m or so swing to profits there. And some part of the £5.7m cut in the interest charge is the translation of dollar debt servicing.

Meanwhile the gases and health-care businesses are doing better than the bald figures suggest, notwithstanding dull industrial production statistics. The dollar cannot drop forever, and though the electrode side still has the potential to go wrong again, BOC has some justification in feeling underrated.

A B Foods

The sharp rise in Associated British Food's share price in the week following its capture of a 24 per cent stake in S & W Berisford did not leave much enthusiasm in reserve for the preliminary results.

The market had expected less in the way of profits and dividends and more in the form of tax, but the resultant 23 per cent increase in earnings per share was not enough to stop the share price falling 8p to 397p. True, almost all of the excess of profits over the market's target came in the form of a reduction in pension fund contributions.

ABF might be consoled by the rise in Berisford's share price yesterday – its Berisford paper is now worth 18 per cent more than it paid. But, if anything, that too is a bore: it means merely that the market is increasing the demands it intends to make of ABF if and when the company bids for the rest of British Sugar's owner.

GEC

Institutional disenchantment with GEC has been matched only by unwillingness to sell the stock. The fact that a record 45m shares in the company were traded yesterday suggests that such inhibitions may be fading; no wonder so many investors believe the current surge will have more profound consequences for GEC than any similar bursts over the past five years.

It remains highly improbable that Lord Hanson will do to GEC what Lord Weinstock managed at Distillers but a case can be made for a re-rating on the basis of GEC's recent openness, and the joint venture and takeover news.

The bears point out, however, that the fundamentals are getting worse: defence electronics is in retreat, telecoms is as difficult as ever, and investment income is declining.

Kockums in Australian submarine deal

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

AUSTRALIAN Submarine Corporation, an international consortium led by Kockums Marine of Sweden, has been awarded the fiercely contested A$3.9bn (US$2.78bn) contract to supply six submarines to the Australian Navy, the country's largest ever defence project.

The contract marks an international breakthrough for Kockums, the Swedish state-owned naval shipbuilding yard, which has defeated competition from five other European countries, including Howaldtswerke Deutsche Werft (HDW) of West Germany and Vickers Shipbuilding and Engineering of the UK. Further competition came from companies in the Netherlands, France, Italy and West Germany.

The submarine contract is the major part of an ambitious A$8bn warship building programme, the biggest in the country's history, which also includes frigates, minehunters and other vessels.

Mr Kim Beazley, the Australian Defence Minister, said the submarine project also represented a big step forward for Australian industry "in developing new and upgraded capabilities for both domestic and export markets."

He said there would be "a massive transfer of new technology to Australian industry, including an upgrading of production and assurance skills." Around 600 new jobs would be created at the Port Adelaide assembly site as well as "thousands of jobs elsewhere."

Kockums has a 30 per cent stake in the winning consortium, which includes Wormald International, a diversified Australian engineering group (25 per cent), Australian Industry Development Corporation, an Australian development bank (25 per cent), and CBI Constructors, a subsidiary of Chicago Bridge and Iron of the US which has built sections of the Trident and Los Angeles class submarines for the US navy.

A consortium headed by Rockwell International of the US is to supply the combat systems, which represent about one third of the contract price. Subcontractors to Rockwell include Singer Librascope of the US, and Thomson-Sintra of France.

The first of the six Kockums Marine Type 471 submarines is scheduled for delivery in 1994, and the project should be completed in the early 2000s.

All six submarines will be built in Australia, with assembly at Port Adelaide. The order is subject to final negotiations and the definitive contract should be signed before the end of June.

The Swedish-led consortium has received considerable support from the Swedish authorities, including recent visits to Australia by both the defence and foreign trade ministers. An ambitious compensation trade programme is also under negotiation, which could include Swedish companies in joint venture projects in sectors such as energy, mining, chemicals and steel. Steel for the submarines will be produced in Australia under licence from SSAB. The Swedish state-owned steel group.

Mr Paul Palsson, managing director of Kockums Marine, said that the Swedish share of the contract would be worth around A$500m.

The contract is the first time that Sweden has broken into the export market for submarines. Its arms industry has won several other major contracts in recent years, including the SKr 8.4bn ($1.35bn) contract to Bofors to supply artillery systems to India.

This contract has run into major controversy in recent weeks amid allegations that the Swedish group had paid bribes to middlemen against the specific orders of the Indian government. In addition Bofors has recently been forced to admit that it had illegally exported missiles to the Middle East in contravention of Sweden's tough arms export regulations.

The contract to the Australian Submarine Corporation includes development and design, production planning and production, launching and sea trials, spare parts deliveries and the training of crews and maintenance personnel.

Mr Beazley said that the computerised combat system would be "more advanced than any yet installed in a diesel-electric submarine." It would incorporate powerful sonars. Harpoon missiles and Mark 48 torpedoes.

He said the submarines would be the "largest, longest-ranging and most lethal conventional submarines in the western world."

Like existing Swedish submarines, the Type 471 can be fitted with a so-called "air independent" power system, which allows the submarines to remain submerged for several weeks at a time.

Union fears threaten GM-Isuzu venture

BY CHARLES LEADBEATER IN LONDON

GENERAL MOTORS' plans to set up a joint venture with Isuzu, its Japanese associate, to run the company's troubled Bedford van plant at Luton, England, may founder on the company's insistence on radical changes to working practices, union leaders have warned.

Several car industry union leaders believe the company wants to introduce working practices and collective bargaining arrangements modelled on those operated by Nissan at its car plant in north-eastern England.

Such a move would be the furthest that any vehicle manufacturer has gone in responding to the competitive edge created by Nissan's industrial relations, widely regarded as the most efficient in the industry.

Union leaders believe the company wants to introduce wide-ranging worker flexibility; a compressed set of job grades; a revised wage structure; complete harmonisation of the terms and conditions of white-collar and manual staff and a bargaining council to represent all workers. Some union leaders believe the company may also seek a legally binding agreement or a no-strike deal.

Isuzu would have a 40 per cent shareholding in the proposed joint venture, which was announced in April.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	19	66	Dubrovnik	C	21	70	Malta	C	21	70	Rhodes	S	22	72
Algiers	S	23	73	Edinburgh	F	11	52	Manchester	C	11	52	Rio de J'o	—	—	—
Amsterdam	R	12	54	Faro	S	20	68	Manila	S	37	99	Rome	F	20	68
Athens	S	25	77	Florence	F	18	64	Melbourne	C	14	57	Salzburg	S	20	68
Bahrain	S	38	100	Frankfurt	F	17	63	Mexico City	—	—	—	San Francisco	C	18	64
Bangkok	S	35	95	Funchal	C	19	66	Miami	C	27	81	Seoul	S	21	70
Barcelona	F	14	57	Geneva	R	13	55	Milan	D	12	54	Singapore	F	31	88
Beirut	S	28	82	Gibraltar	F	18	64	Montreal	C	17	63	Stockholm	R	9	48
Belfast	C	12	54	Glasgow	C	12	54	Moscow	C	20	68	Strasbourg	F	15	59
Belgrade	S	26	79	Guernsey	C	11	52	Munich	S	17	63	Sydney	F	18	65
Berlin	F	15	59	Helsinki	C	8	46	Nairobi	C	21	70	Taipei	S	26	79
Biarritz	C	14	57	H. Kong	R	24	75	Naples	F	23	73	Tangier	C	17	63
Bombay	S	32	90	Innsbruck	F	18	64	Nassau	C	29	84	Tel Aviv	S	28	82
Bordeaux	R	13	55	Inverness	C	11	52	New Delhi	S	35	95	Tenerife	F	23	73
Brussels	C	11	52	Islamabad	S	35	95	New York	R	31	88	Tokyo	C	22	72
Budapest	C	18	64	Istanbul	S	23	73	Nice	R	14	57	Toronto	S	30	86
B. Aires	C	15	59	Jakarta	T	33	91	Nicosia	S	36	97	Tunis	C	19	66
Cairo	S	35	95	Jersey	C	11	52	Oporto	S	16	61	Valencia	F	20	68
Cape Town	C	18	64	Jo'burg	S	23	73	Oslo	R	9	48	Venice	C	16	61
Caracas	—	—	—	Lima	S	24	75	Paris	C	11	52	Vienna	C	17	63
Casablanca	F	20	68	Lisbon	S	21	70	Peking	R	11	84	Warsaw	R	15	59
Chicago	C	19	66	London	C	12	54	Prague	F	15	59	Washington	—	—	—
Cologne	C	16	61	Los Angeles	C	24	75	Reykjavik	C	5	41	Zurich	C	12	54
Copenhagen	S	13	55	Luxembourg	C	11	52								
Corfu	F	22	72	Madrid	F	18	64								
Dallas	S	22	72	Majorca	S	21	70								
Dublin	C	10	50	Malaga	S	20	68								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Alliance parties unveil radical manifesto

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

BRITAIN'S Social Democrat Liberal Alliance yesterday launched a manifesto proposing wide-ranging changes in the UK economy, society and constitution which Dr David Owen, the Social Democrat leader, described as "the most radical reforming programme of any government in recent history."

Dr Owen said the programme represented "an achievable dream." He emphasised the carefully-costed nature of the proposals and said: A radical, reforming government will only succeed if it harnesses the efficiency of a market economy with the social concerns of a civilised sociey."

The Alliance mainifesto, entitled "Britain United," will be followed this morning by the proposals of the Conservative and Labour parties. The Tories' programme is expected to be one of its most radical ever, outlining major changes in education and private rented housing.

The manifestos, marking the formal beginning of the election campaign after the dissolution of Parliament yesterday, are being released at the same time as a series of opinion polls suggest that Labour has made some progress in the past few days, particularly in key marginal seats.

The Alliance appears to be static, or falling back slightly, as it did at the same stage of the 1983 campaign.

Nevertheless, all recent surveys still point to a comfortable working majority in the House of Commons for the Conservatives.

The Conservatives yesterday continued to adopt a low public profile until after publication of their manifesto, alt though both Mr Neil Kinnock, the Labour leader, and the two Alliance leaders travelled across Britain on campaign tours.

Following a meeting of its campaign committee on Sunday evening, the Alliance has decided on a two-pronged strategy – first to claim repeatedly that Labour cannot win the election, and, second, to attack the Tories for their "uncaring" image as shown in opinion polls.

Mr David Steel, the Liberal leader, claimed yesterday that the Alliance was currently standing six points higher in the polls than at the same time in 1983. Acknowledging that its manifesto focussed mainly on the Tories rather than Labour, he said: "We believe that most people in this country know Labour are not going to win."

Dr Owen stressed that the Alliance would negotiate "toughly" with other parties if no one won an overall majority after the election. However, Mr Norman Tebbit, the Conservative Party chairman, immediately ruled out any negotiations with the Alliance if the Tories were the largest party but without an overall majority. "On that I think Neil Kinnock is right," Mr Tebbit added.

The Alliance leaders also confirmed that the Alliance would not reverse existing privatisation and would be prepared to sell off the remainder of the Government's stake in British Telecom and British Petroleum,

Campaign reports, Page 17; Editorial comment, Page 22

Benedetti buys stake in Pearson

Continued from Page 1

which together last year had L12,000bn ($9.4bn) of industrial turnover and L3,500bn of financial services volume.

In a separate development yesterday, it was learned that Milan judges who have been investigating the 1982 crash of Banco Ambrosiano have sent a letter to Mr De Benedetti informing him that he is being investigated in regard to allegations that he may have engaged in extortionate behaviour in a 1982 share transaction.

The judicial letter, a formality under Italian law which is not as serious as an indictment, has been issued by the judges at the request of Mr Pier Luigi dell'Osso, a state prosecutor.

The prosecutor would like Mr De Benedetti to be questioned about a 1982 deal in which a Banco Ambrosiano subsidiary agreed to place shares in a financial company (Brioschi) on his behalf. Mr De Benedetti is said to have received L27bn for the shares before the placing was undertaken, and the prosecutor wishes to investigate whether the price paid for the shares was ununusually high.

As the late Mr Roberto Calvi's Banco Ambrosiano began to totter, Mr De Benedetti was brought in to the bank as deputy chairman to regain respect for Ambrosiano. He bought a 2 per cent shareholding in Ambrosiano, which he sold 65 days later when he resigned in disgust at the secretive and suspect behaviour of Mr Calvi.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday May 19 1987

Renault truck unit set for FFr 1.5bn backing

BY PAUL BETTS IN PARIS

FRANCE'S three major commercial banks including Banque Nationale de Paris, Crédit Lyonnais and Société Générale, are expected to contribute a total of FFr 1.5bn ($254m) in the imminent recapitalisation of Renault Véhicules Industriels (RVI), the loss-making truck subsidiary of the French state-owned Renault car group.

The three banks are each understood to have agreed to subscribe FFr 500m of bonds with equity warrants to help recapitalise RVI. The agreement of the banks and the RVI recapitalisation is expected to be announced before the end of this month or early next month.

RVI has until the end of June to recapitalise itself to avoid being forced to file for bankruptcy under French law. The Renault truck subsidiary needs between FFr 3.5bn and FFr 4bn in new capital funds to restore its net asset position in the black. RVI had negative net assets of FFr 2.21bn at the end of 1985 which increased to FFr 3.2bn at the end of last year because of 1986 losses totalling FFr 990m.

Before the three commercial banks intervened, Renault had envisaged a threefold capital reconstruction operation for RVI. This included a revaluation of RVI's assets, a proposal to transfer directly to RVI part or all of Renault's 42 per cent interest in Mack Trucks of the US, and the injection of fresh funds by Renault.

Only the first part of the proposed capital reconstruction has so far been undertaken with the revaluation of RVI's assets at the end of last month by FFr 2.07bn. This also reflects the continuing improvement of RVI's operating performance.

The truck subsidiary, which reduced its losses from FFr 1.5bn in 1985 to FFr 990m last year, still hopes to break even by 1988.

The FFr 1.5bn support from the three banks would virtually cover RVI's recapitalisation needs

However, Renault could still decide to transfer some or all its interests in Mack and perhaps inject additional funds to strengthen further RVI's capital structure to give the truck subsidiary some additional financial leeway to back up its recovery.

Chrysler suffers surprise rebuff over distribution in Europe

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

RENAULT, the state-owned French car group, will not help Chrysler, third-largest of the US automotive companies, return to Western Europe by distributing the American concern's cars, Mr Christian Martin, Renault's export director for Europe, has said.

Chrysler has agreed in principal to buy Renault's shareholding in American Motors of the US, and it has been widely assumed the new links between the companies would extend to Europe.

Chrysler revealed, just before the American Motors deal was announced, that it would put its cars on sale again in Europe late this year, or early in 1988, and hoped to be selling 30,000 to 40,000 units by the early 1990s. A link with Renault would have given Chrysler immediate access to a major distribution network.

But "there is nothing in the agreement for Renault to sell Chrysler cars anywhere," says Mr Martin.

However, Renault hopes to be able to retain the European distribution of American Motors' Jeep, a four-wheel-drive vehicle, after Chrysler takes over.

"Jeeps bring an additional range of customers into Renault showrooms," Mr Martin points out. He suggests Renault could double European sales of Jeeps, to 8,000 to 10,000 a year, in a very short time.

Mr Martin says final agreement on the sale of the American Motors shareholding should be reached within two weeks, and the only issue still to be resolved is the treatment of the minority shareholders in the US company. However, other Renault executives consider this to be an optimistic estimate.

Some observers have criticised the Chrysler deal as one bringing short-term, but mainly political, gains for Renault, but also considerable potential for long-term damage.

In the past, Renault has said the US business provides 6,000 direct jobs in France and that it expected to send $5bn of components to American Motors this year.

Mr Martin describes the deal as a compromise which enables Renault to avoid immediate major damage.

Under the terms of the deal, Chrysler will continue to sell the Medallion, a version of Renault's R21, in the US and will allow American Motors to produce and sell, from next autumn, the Premier, a car designed for the US market but which uses many Renault components.

However, Mr Martin says there is still no decision about whether Chrysler will import Renault's Alpine sports car from France.

USAir in move to raise $400m

By James Buchan in New York

USAIR, the Washington-based airline, yesterday announced steps to relieve a balance sheet strained by recent acquisitions with an issue of new stock that could raise more than $400m.

The airline, which is pushing to complete its $2bn acquisitions of Pacific Southwest and Piedmont, said it had filed to issue 10m shares of common stock.

Although airline stocks have recently been in demand on Wall Street, USAir's price slipped back $2⅝ to $41⅞ on news of the offering.

USAir, which has recently been one of the most conservatively financed of the US airlines, said 8m shares would be offered in the US by a group of underwriters led by Shearson Lehman and Goldman Sachs.

The remainder would be placed overseas by affiliates of the two firms.

USAir, whose operations are concentrated in Pittsburg and Philadelphia, was last year the most profitable of the major US airlines with net income of $89.2m on revenues of $1.65bn.

It is seeking Department of Transportation approval for its $1.6bn agreed merger with Piedmont, which also operates successfully in the north-eastern US.

In addition, the airline hopes this month to complete a $400m acquisition of Pacific Southwest, which will give the combined group access to the West Coast.

Before the announcement of the equity issue, these acquisitions were expected to double the ratio of debt to capital in USAir's balance sheet.

POINT-OF-SALE SYSTEMS GET CREDIT FOR SALES JUMP

K mart's income up 25%

BY WILLIAM HALL IN NEW YORK

K MART, the world's second largest retailer, increased its first quarter income from continuing operations by 25.7 per cent to $1:5.5m, and says it is reaping the benefits of its investment in electronic point of sale (POS) systems.

Sales rose 9.3 per cent to $5.6bn in the first quarter ending April 29 1987 and sales in comparable stores, open a full year, were up 4.6 per cent over the previous year.

Earnings per share of 57 cents in the latest quarter compared with 47 cents a share a year ago. Shares of K mart which is celebrating its 25th anniversary this year, slipped $⅝ to $58⅜ in early trading yesterday.

Mr Bernard Fauber, chairman, said the sales and earnings growth was "a result of very effective merchandising and expense programmes, coupled with the benefits of the point of sale system" which has now been installed in almost a quarter of the group's more than 2,200 K mart stores.

The POS system gathers up-to-the-minute sales data on all merchandise, enabling the group to replenish its stores efficiently.

"Electronic credit card authorisation in 288 K mart stores is also providing better customer service. We expect to have 700 K marts on this system by the end of 1987," says Mr Fauber, who is due to retire as chairman in September.

During 1987 K mart, which employs over 300,000 in more than 3,800 stores, plans to open 255 new stores, including 41 K marts, 127 Waldenbooks, 37 Builders Squares, 30 Pay Less Drug stores and 20 Bargain Harold's in Canada.

The company's latest earnings have been boosted by the Tax Reform Act of 1986 which reduced its effective rate of income tax from 44.6 per cent to 40.2 per cent.

However, the positive effect of the lower tax rate was largely offset by a pretax Lifo charge of $22.5m compared with $15m in the prior year.

● The Limited, the fast growing US retailing group which specialises in selling fashion clothes to women through over 2,700 stores, is to enter the men's clothing market.

The group yesterday announced at its annual meeting in Columbus, Ohio, that it would begin selling men's apparel through 15 new stores that will be part of its Limited Express divison.

Saga Petroleum slips in first quarter

BY KAREN FOSSLI IN OSLO

SAGA PETROLEUM, the independent Norwegian oil company which has been financially weakened by falling oil prices, posted first-quarter profits of NKr 26.8m ($4m) before extraordinary items. A loss, however, of NKr 11.9m was reported after financial items.

For 1987, Saga expects to earn total profits of NKr 300m before extraordinary items compared with NKr 530m in 1986. The company has secured 70 per cent of forward oil sales for 1987 at about $17 per barrel compared with its budgeted forecast of $15. The oil price prognosis is up for review again in July.

Saga, plagued by cashfolw problems, said it was no longer seeking a merger with another oil company as a measure to strengthen its balance sheet. It has instead voted to increase foreign-held shares to 40 per cent of the total, or about 5m shares, from 20 per cent. These are all currently held by Volvo Sweden.

The decision, however, must be ratified by the Norwegian Government. The company said the decision was in line with its strategy to pursue a greater degree of internationalisation.

In September, Saga won a reprieve on its drawing rights for the $1bn loan agreement it negotiated in 1985, when a UK independent consultant forecast future oil price trends optimistic enough to satisfy the 35-bank consortium providing the loan. The company said it might this year seek restructuring of its loan ageement for better cost efficiency.

In 1985, Saga clinched a deal which froze the rate of exchange of the dollar against the Norwegian krone at NKr 7, which will give it foreign exchange gains this year of NKr 285m.

SCA raises profits by 21% to SKr 1.4bn

By Sara Webb in Stockholm

SVENSKA CELLULOSA (SCA), one of the leading Swedish forest products groups, reported a 21 per cent increase in profits for the first four months, helped by strong demand.

The group expects 1987 profits, after financial items, to be significantly higher than last year's figure of SKr 1.399bn ($225m).

Profits (after financial items) for the first four months reached SKr 818m, compared with SKr 510m the previous year. Group turnover edged up 2 per cent to SKr 4.804bn.

SCA said demand for forest products was good and that price increases had been implemented in most sectors.

However, Sunds Defibrtor, the SCA subsidiary which manufactures pulp equipment, showed a loss as the low flow of orders in 1986 led to lower invoicing.

Noranda sells off Australian subsidiary

By Our Financial Staff

NORANDA, the Canadian resources group, is selling its Australian gold mining interests for A$196m ($US140m) in the latest stage of its debt-reduction plan.

By doing this the company is joining the growing list of mining groups which have cashed in on a worldwide surge in gold mine stocks by selling stakes in subsidiaries or associates.

Noranda is selling its 50.24 per cent stake in Noranda Pacific, which was floated in Australia two years ago, to local shareholders, including Pioneer Concrete Services, a diversified minerals company.

Pioneer has bought a 19.84 per cent stake in Noranda Pacific directly from the Canadian company. The rest of Noranda's shares are being offered on a pro-rata basis at A$4 each to shareholders, including Pioneer. As a result, Pioneer will end up with 28.5 per cent of Noranda Pacific.

Noranda Pacific has a 50 per cent interest in Orban, a small, West Australian mine, and in several exploration projects, including a 45 per cent stake on Coronation Hill, one of Australia's largest undeveloped gold deposit in Northern Territory.

Noranda, which has cut debt by nearly C$1bn ($750m) since mid-1985, has made several asset sales.

French banks to launch 'smart cards'

By George Graham in Paris

FRANCE'S banks have agreed on a new plan which will equip the whole country with smart cards containing their own microprocessors by 1990.

The smart cards have been under trial in Rennes and the Brittany region, but there have been delays in supplying terminals which can read the cards to shops and restaurants.

Italian Treasury Minister gloomy on Venice prospects

FT CONFERENCE
European banking

Alan Friedman and John Wyles report from Milan

MR GIOVANNI GORIA, Italy's Treasury Minister, was deeply pessimistic yesterday about the chances of next month's Venice summit of the seven leading western industrialised countries being able to ease present international financial and monetary tensions.

"There does not seem to be any basis for optimism," the Minister told the FT conference. The OECD and other international organisations had recently stressed the need to iron out budgetary and trading imbalances in the US, West Germany and Japan, but no real agreement was expected.

As the summit chairman, Italy was trying to encourage a common medium-term approach towards stabilising the currency situation, but the seven were having "great difficulty."

Giving a personal explanation of Japanese and West German policies, Mr Goria said that these were increasingly influenced by their falling populations. This meant that a 2 per cent growth rate was now acceptable to West Germany, and that both countries expected returns on overseas investments made possible by their large trade surpluses—to boost their gross domestic product in the absence of a rising population.

Reporting on the Italian public finances, Mr Goria said that by last year medium-term budget planning had managed to restrain current budget expenditure to about 28 per cent of GDP (as recently revalued by Istat, the state statistical agency).

Mr Stephen Danzansky, of the US National Security Council and special assistant to President Reagan for international economic affairs, was much more optimistic than Mr Goria about prospects of agreement at the Venice summit.

He said that "the dissonance we may occasionally hear over economic issues is a product of growth, maturity and self-evaluation." The US view was that institutional machinery, such as economic summits, the OECD, the Gatt and the IMF needed to be "continually maintained and modernised" to cope with problems, he added.

Opening the part of the conference devoted to Italian banking, Mr Raul Gardini, chairman of Ferruzzi, the agro-industrial concern, criticised inefficiencies in the banking system seen from the corporate sector. Mr Gardini complained that Italy's capital market, now evolving, had for too long remained underdeveloped and preserved "an oligopolistic structure" which set the terms of any deal.

He hoped that private ownership of the banking system would grow as state banks raised funds in order to recapitalise, and he also called for the creation of closed-end mutual funds in the Italian market.

An urgent plea for more privatisation in Italy was delivered by Dr Luigi Arcuti, chairman of Istituto Mobiliare Italiano, the state credit institute. Italy would surely feel the competitive effects of the slimming down of the state sectors in France and the UK, and should not be left behind. There was no need for the country to have an internal "religious war" over the issue and the possible advantages must be measured in terms of the efficiency that privatisation could deliver, said Dr Arcuti.

Improved efficiency

Describing deregulation in Italian banking and finance, Professor Gianni Zandano, chairman of Istituto Bancario San Paoli di Torino, said that this decade's gradual liberalisations had improved the efficiency in the domestic banking system.

Moreover, the emergence of new intermediaries had breathed life into the market. However, product innovation remained modest and well behind trends in Britain and the US. This was due party to the legal regulation of Italian banking, where one philosophy of forbidding everything not expressly permitted by law tended to inhibit innovation.

Mr Nerio Nesi, chairman of Banca Nazionale del Lavoro called for a greater "internationalisation" of the Italian banking system, particularly through acquisitions abroad by Italian banks and the sale of Italian institutions to foreign banks as well.

"I am convinced that exchanges of shareholdings in banks throughout Europe would strengthen capital generally and contribute to a more European market," Mr Nesi said.

He also predicted a shake-out in the Italian banking market. The rationalisation would see an increasing battle for business among big banks and then a similar trend among smaller- and medium-sized institutions. Eventually there would be fewer banks than the current 1,060.

Mr Guido Roberto Vitale, managing director of Euromobiliare, the Milan-based merchant bank, complained that the Italian industrial and financial establishment still resisted newcomers and change to the status quo.

He called for better preparation by companies coming to the stock market, an improvement in the quality of corporate information, more issues on the market and the payment of higher dividends. He also attacked those foreign investment banks which come to Italy and bid up the value of company flotations, which he said was causing newly-listed companies on the bourse to be overvalued.

Mr Mario d'Urso, an executive at Shearson Lehman Brothers, the US investment bank, seemed to play down concern that last week's lifting of a 15 per cent non-interest bearing deposit on investments outside Italy would lead to a jump in capital outflows.

Most important obstacle

Explaining his company's strategy for increasing specialised businesses, Mr W. F. W. Bischoff, chairman of J. Henry Schroder Wagg, UK merchant bank, said that Schroder saw itself in the year 2000 as a global company with four or five specialisms. It would not, however, be one of the 15-20 "mega-players," which he thought would be drawn almost equally from Europe, the US and Japan.

Mr Richard Lutyens, managing director of Merrill Lynch Europe, US investment bank, said that the absence of a centralised clearing system was the single most important obstacle to the continued growth of the international equities market.

These markets needed to integrate and the growth in equity and equity-linked issuance had gone from \$4.8bn in 1983 to \$33.8bn in 1986. At this rate, equity markets would become truly global in much less than 20 years, said Mr Lutyens.

Summing-up the day's proceedings, Prof Mario Monti of the Bocconi University of Milan, the chairman, said that Italy could have a more important role in the development of the international financial system than had previously been thought.

If a comparison was made with France, for example, the Italian family savings rate of 17 per cent of GDP provided much more raw material for financial development than the 5 per cent savings rate in France. Prof Monti saw no reason why Milan should not develop on a par with Paris as a financial centre.

However, the Italian Government's very large public sector deficit was a real constraint on broader liberalisation and was very much greater than the equivalent in France. Italy needed simultaneously to reduce its government deficit and to open up its financial system.

Prof Monti said that last week's liberalisation of exchange controls was an important step in a process which would be very difficult to reverse in Italy. He believed that further reforms in the autumn would make it very difficult for future governments to respond immediately to currency crises with controls.

Deutsche Bank set to raise profile in the Far East

BY HAIG SIMONIAN IN FRANKFURT

DEUTSCHE BANK, West Germany's largest commercial bank, has finally gained full control of Deutsche Bank (Asia) after buying out Creditanstalt-Bankverein of Austria, the last remaining shareholder.

Deutsche Bank had already raised its stake in the former consortium bank, which used to be known as European Asian Bank, from 60 per cent to 75 per cent in May, 1986. The latest purchase took place at the end of April this year, but has only now been made public.

Closer co-operation between Deutsche Bank in Hong Kong, Tokyo and Australia seems likely.

Total assets of Deutsche Bank (Asia), which specialises on lending and trade finance between Europe and Asia, as well as local banking in the region, fell by 16.8 per cent to DM 5.9bn (\$3.3bn) in 1986 against DM 7.1bn in 1985, according to its results.

Total operating profits, which are undisclosed, fell by about 37 per cent last year. Interest income declined by 11.5 per cent to DM 129m compared with DM 146m in 1985, while commission earnings dropped to DM 44m from DM 58m in 1985.

However, the falls are largely attributable to the strength of the D-mark against the US dollar and many other Asian currencies, in which much of the bank's business is denominated. Adjusted for exchange rate changes, lending by Deutsche Bank (Asia) actually increased by about 4 per cent while customers deposits rose by about 12 per cent.

The bank, which has 20 branches and susbidiaries from Pakistan to Korea, describes 1986 as a period of generally pleasing development, in spite of the sharply differing growth rates in many Asian countries. It expects growth in the region to begin to level out this year.

● Bayerische Landesbank, one of West Germany's largest publicly-owned banks, increased its partial operating profits by 3.5 per cent to DM 575m (\$323m) against DM 555m in 1985. Profits after tax went up to DM 146.5m from DM 143m in 1985.

The bank, which increased its total assets by 6.8 per cent to DM 115.5bn from DM 108.3bn, is paying its shareholders, the Bavarian state government and community-owned savings institutions, a renewed 7 per cent dividend.

Interest income at Bayerische Landesbank increased to DM 944m from DM 915m last time in spite of a slightly lower interest margin, while commission income rose by DM 19.2m to DM 146m.

However, interest earnings have fallen by about 5 per cent in the first quarter of 1987.

Brown Boveri profits fall by 11.9% to SFr 96m

BY JOHN WICKS IN DÄTTWIL

BROWN BOVERI, the Swiss engineering group, hopes for a marked improvement in group and parent company earnings this year and next.

Dr Fritz Leutwiler, the chairman, said the aim was to double group earnings to some SFr 200m (\$137m) this year and increase them to about three times the 1986 level in 1988.

The company would be able to resume dividend payments if the target is reached this year. Brown Boveri last paid a dividend in respect of 1984.

In 1986, consolidated profits fell by 11.9 per cent to SFr 96m. Dr Bernd H. Müller-Berghoff, vice chairman, pointed out that this was "unsatisfactory" since it represented only 0.7 per cent of group turnover.

Group turnover had dropped by 0.4 per cent last year to SFr 13.83bn.

Li unveils basis for plan to split HK Electric

By David Dodwell in Hong Kong

MR LI KASHING, one of Hong Kong's most powerful business personalities, has unveiled the basis on which he plans to split the power generating and non-utility interests of his Hongkong Electric subsidiary.

When hive-off plans were first unveiled in March, Mr Li was fiercely criticised for offering few benefits to outside shareholders, while providing clear benefits to Hutchison Whampoa the company through which he controls HK Electric with a 23 per cent shareholding.

A new company, Cavendish International, is to be set up. Into this will be put HK Electric's non-utility interests—mainly the Hilton Hotel in Hong Kong, various property interests, Union Faith, which controls the property group, International City Holdings, and Union Faith Canada, which holds a 43 per cent state in Husky Oil.

The prospectus on the flotation of Cavendish says the group will be one of Hong Kong's largest, with profits in the current year expected to be about HK$416m (US$53.3m). This compares with forecast profits of HK$1.1bn for HK Electric.

Initially, Cavendish's earnings will come in large part from its interests in HK Electric, and in the Hilton.

*The group will have substan*tial cash resources—with Union Faith alone holding about HK$4.2bn by 1990—and these resources will be used for investment internationally, in China and in Hong Kong, in property, and in collaborative ventures with Hutchison Whampoa.

Stability favoured in JAL sell-off

BY YOKO SHIBATA IN TOKYO

THE JAPANESE Government is to sell half its holding in Japan Air Lines to so-called "stable" shareholders — institutional investors planning to hold them on a long-term basis.

The disposal, which had been expected in the next few months, will now take place in the autumn. This is because the current session of the Diet (parliament) needs time to approve a Bill that abolishes the 1953 Japan Air Line Law. Its effect would be to put the Government's 34.5 per cent holding in JAL, amounting to 48.1m shares, up for sale this year.

The airline has been canvassing institutional investors to take up half of the shares as long-term holdings. The other half would be sold to the general public.

JAL has notified the Ministry of Transport and the Ministry of Finance that it expects to allot 50 per cent of the Government's parcel of its shares to "stable" shareholders. The move is aimed at preventing volatility in its share price and preserving management control.

Institutional investors will purchase more than 40 per cent of the shares, or over 20m shares, with banks slated to buy 25 per cent, or 12m shares. The banks are aiming for an expansion of loan business to JAL after the transfer of all the company to the private sector. Life assurance companies plan to purchase 5.6m shares, while non-life insurers intend to buy 2.7m shares.

Other financial institutions are expected to buy some 100,000 shares each, and companies outside this sector are thought likely to take up a total of some 3.9m shares.

JAL would like to allot shares to many domestic travel agents so as to cement business relationships. In this light, the company has become sensitive about the appreciation in its share price over recent months. JAL shares, which were at Y8,800 last October, climbed as high as Y17,200 before slipping back to Y15,000 yesterday, down Y300 on the day. Stockbrokers none the less expect the shares to reach the Y20,000 level by autumn.

Some institutional investors had been reported to be reluctant to buy JAL shares, noting its inflated share price and the company's inability to pay dividends.

In February, JAL's management announced a medium-term business programme which aims at boosting revenues to Y1,030bn ($7.37bn) by 1990 from an estimated Y770bn for the year which ended in March. Pre-tax profits are projected to reach Y38bn from around the Y1bn mark.

Many analysts in Tokyo view this as very optimistic, as the airline faces a host of problems including increased competition, management difficulties, militant labour unions, and the loss of its advantage in low-cost financing through government guaranteed bonds.

These negative factors appear to have been eclipsed by enthusiasm in Japan for privatisation offers boom, as seen with Nippon Telegraph and Telephone which enjoyed a rapid share price appreciation following its move into the private sector, in spite of a modest outlook

ANZ lifts net profits by 22% at six months

By Bruce Jacques in Sydney

AUSTRALIA and New Zealand Banking Group (ANZ) has overcome increased doubtful debt provisions and a high domestic interest rate regime to record a solid profit increase for the six months to March.

Net profits rose 22 per cent to A$173.8m (US$124.4m) on a 19.8 per cent increase in gross income to A$3.7bn. The interim dividend is maintained at 15 cents a share.

The performance eclipses that of Westpac, ANZ's only big Australian banking rival to report so far, which turned in an earnings setback in the same period because of doubtful debt provisions and higher tax.

Both those factors were present in the ANZ result, but the group's international spread through its Grindlays subsidiary and the performance of Esanda, its Australian finance company, helped it over those obstacles.

The bank's tax bill rose by 44.4 per cent to A$193.4m, a high level of 52.6 per cent, which directors said was the result of higher company tax rates in Australia and New Zealand, the introduction of new taxes and higher charges of a modest outlook.

On doubtful debt provisions, which rose by 23 per cent to A$78.5m, directors pointed to the reclassification of some of Grindlays loans, particularly in Brazil, but said the charge was lower than for the second half of 1986.

The result was struck before extraordinary profits of A$4.5m against debits in the previous period of A$17.6m.

● National Australia Bank has agreed to sell its National and General Insurance subsidiary to Zurich Insurance, Reuter adds from Melbourne.

The sale price will be determined after an audit and will be at a premium to net assets, the bank said.

NZ Forest advances by 85%

BY OUR FINANCIAL STAFF

NZ FOREST PRODUCTS, New Zealand's largest producer of timber and paper products, has reported an 85 per cent increase in net profits to NZ$197.4m (US$114.3m) for the year to March, up from NZ$106.3m.

Mr Lyn Papps, NZFP's chairman, commented that inclusion of large extraordinary profits in the final results showed the company's commitment to divesting activities no longer consistent with its strategic aims.

NZFP sold a 25 per cent interest in Wattie Industries, the food group, and reduced its 25 per cent interest in Rada, the investment company, by the sale of cash issue rights. The company is considering further divestments, Mr Papps said.

Operating profits were lower than in previous years because of low demand for building products, currency factors, higher interest rates and restructuring costs. However, higher export prices for pulp and paper offset these factors.

Profits were also hit by a strike at the company's pulp and paper mills at Kinleith.

The company gained a substantial tax credit after completing a large part of its mill modernisation programme. *NZFP also gained from forestry* taxation concessions, export incentives and favourable financing terms.

The company incurred significant costs from a redundancy and early retirement programme, but the benefits will be reflected in future annual savings, said Mr Papps.

● Wilson and Horton, the Auckland publisher, has reported record net profits of NZ$19.8m for the year to March, up 34.1 per cent.

Mr Michael Horton, managing director, added in a statement that nothing definite had come of talks with Mr Robert Holmes à Court, whose Perth-based Bell Group last week acquired a 9.9 per cent stake in Wilson and Horton.

Wilson and Horton has, however, lifted the do-not-sell notice it issued to shareholders last week, when Bell was identified as a buyer.

Turnover was NZ$186.1m in the latest year compared with NZ$158.4m. A dividend will be declared by next month.

Consolidated Murchison to issue rights

By Jim Jones in Johannesburg

CONSOLIDATED Murchison, South Africa's only antimony mine, is to raise R13m ($6.5m) by means of a 50-for-100 rights issue at 625 cents a share. The money will be used to finance completion of the Monarch East shaft deepening project, exploration for new ore in the vicinity of the mine and upgrading of the hostel for black mine employees.

The new shares will be marked "S" ordinaries and will not be registered with the SEC in Washington or with the Securities Commission of Canada. Americans and Canadians are prohibited from investing new capital in South Africa.

In the year to June, 1986 production of metal in concentrates was 7,024 tonnes, which represents about a quarter of the metal produced by non-Communist nations.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

US discount rate fears hit dollar and yen sectors

BOTH THE Eurodollar and Euroyen sectors opened sharply lower yesterday in line with falls in the domestic bond markets.

Apprehension that the US Federal Reserve Board might raise the discount rate to forestall inflationary pressures afflicted the Eurodollar market, where prices fell by up to 1 full point at the outset.

Meanwhile prices in the Euroyen market fell by up to ¼ point in the wake of plunges in Japanese government bonds, which took the yield on the benchmark No 89 bond above 3 per cent.

Dealers speculated that Japanese investors could be drawn back into the US Treasury bond market as the yield on the 30-year bond was approaching 9 per cent, a psychological resistance point.

But with no clear direction emerging from New York during the afternoon session, the Eurobond market was inclined to stay on the sidelines, and trading activity was negligible.

The Australian dollar Eurobond market, still enthused by last week's mini-budget, provided the only lively feature of an otherwise dull day.

County NatWest said the lack of activity in other sectors partly accounted for the highly enthusiastic reception accorded to its A$60m five-year deal for NatWest Australia Bank, which traded as high as issue price shortly after launch.

Other dealers said the bond, priced at 100¼ with a 13¾ per cent coupon, looked cheap compared with bonds in the secondary market. The lead-manager said the terms had been fixed to ensure a firm reception for its Australian subsidiary's debut issue, but it had not counted on the euphoria in the market.

Hambros Bank certainly took the hint when it set the terms on an A$50m four-year deal for

INTERNATIONAL BONDS

Landesbank Rheinland-Pfalz. The 13¼ per cent deal, priced at 101⅜, was quoted at less 1¼ bid, the level of its full fees.

Daiwa Europe found a less enthusiastic response to its Y15bn four-year 4¼ per cent issue for Swedish Export Credit, considered ambitious in view of Euroyen market conditions. The bond was supported at the level of its 1⅞ per cent total fees.

Share price falls in Tokyo did not, however, seem to dampen demand for a $150m equity warrants bond for Kyowa Hakko Kogyo, the Japanese food and pharmaceuticals company. The five-year deal, with an indicated 1⅞ per cent coupon, traded as high as six-and-a-half points above its par issue price.

Kredietbank issued through an offshore subsidiary a 7¼ per cent five-year Ecu 100m deal, with redemption amount fixed to the Belgian franc/Ecu exchange rate. The rate on the bond, priced at 100¼, will be set on June 3. Yesterday the exchange rate was BFr 43.04 to the Ecu.

In the D-Mark market, prices eased by about ¼ point in lacklustre trading. Morgan Guaranty will launch today a DM 300m seven-year 6 per cent bond for Gillette Finance, priced at 99¾. A bid price of 97¾, compared with 2¼ per cent fees, was quoted yesterday.

Prices in the Swiss franc foreign bond ended the day narrowly mixed in low volume. Galactic Resources' SFr 50m 5¾ per cent convertible issue closed at 102, up a ½ point from Friday's level. A SFr 100m 4¾ per cent seven-year bond for Shoko Chukin Bank closed at 98½, compared with a 100¼ issue price.

Union Bank of Switzerland led a SFr 50m seven-year issue for Koninklijke Nedlloyd, the Dutch shipping, transport and energy company. The 5¼ per cent bond, priced at par, met a firm initial reaction.

Banque Generale du Luxembourg led a LFr 300m five-year 7¾ per cent, par-priced bond for Atlas Gepco, the Swedish hydraulics company.

Fecsa creditors form working party

BY OUR EUROMARKETS STAFF

FOREIGN BANK creditors of Fuerzas Electricas de Cataluna (Fecsa), the debt-burdened Spanish power utility, agreed yesterday to set up a six-member working party to negotiate with the company on the establishment of a formal steering committee.

Fecsa is seeking to renegotiate over $2bn of bank loans and has made a unilateral proposal, to which banks strongly object, to lower interest rates on the debt to below their cost of funds.

A meeting was held in London yesterday of agent banks for loans denominated in currencies other than pesetas.

The working party is to consist of Bank of America International, Chase Manhattan, Citibank, Long-Term Credit Bank of Japan, Sanwa Bank and a representative of Japanese leasing companies. It will meet Fecsa later this week and discuss the ground rules for establishment of a full steering committee.

Some bankers have said they would agree to a steering committee only if Spanish Government representatives sit on it.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on May 18

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	[illegible]	[illegible]	[illegible]	−½	9.52
A/S Eksportfinans 7½ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	9.43
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Chugoku Electric 5 93	35	102	102½	[illegible]	[illegible]	4.75
Credit National 4⅞ 92	35	[illegible]	[illegible]	—	—	3.60
Denmark, Kingdom 5⅛ 92	130	[illegible]	102	[illegible]	0	4.66
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oberös. Kraft. 5⅛ 95	100	[illegible]	[illegible]	[illegible]	[illegible]	4.90
Olivetti Intl. 5⅛ 95	100	[illegible]	104	[illegible]	−1	4.95
Pepsico 5¼ 92	150	[illegible]	105	0	[illegible]	4.40
Prov. of Manitoba 4¾ 94	200	[illegible]	[illegible]	[illegible]	[illegible]	4.33
Raiman Perina 5⅛ 94	125	[illegible]	[illegible]	[illegible]	[illegible]	4.94
Setsu Euro. 0 02	100	[illegible]	46½	0	[illegible]	5.74
Tohoku Elec. Pwr. 4⅞ 96	150	[illegible]	100	[illegible]	[illegible]	4.89
USX Corpn. 5¼ 96	100	[illegible]	97¾	[illegible]	[illegible]	4.94
World Bank 5¼ 94	150	[illegible]	105	0	0	4.94

Average price change on day −⅛ on week −⅛

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Kredietbank NV; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; J. Henry Schroder Wagg and Co.; Bank of Tokyo International; Chemical Bank International; Chase Manhattan; Citicorp International Bank; Daiwa Europe NV; Credit Commercial de France (Securities); EBC Amro Bank; LTCB International; Robert Fleming and Co.; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch Pierce Fenner and Smith; Morgan Stanley International; Nikko Securities Company (Europe); Nomura International; Orion Royal Bank; Samuel Montagu and Co.; Societe Generale Strauss Turnbull; Sumitomo Finance International; Swiss Bank Corporation International; S. G. Warburg and Co.; Wood Gundy.

Markets to pay heavy price for regulation

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

IN AN age often described as one of deregulation, the international capital markets are facing new rules on all sides.

Intense competition in an overcrowded securities industry has already shaved profit margins for Euromarkets firms. Now regulating costs further threatens profitability. This problem will be on the minds of delegates meeting in Oslo this week for the annual meeting of the Association of International Bond dealers.

The advent of rules for the unregulated Eurobond market is no surprise. Indeed the association, seeing a need for higher standards and preferring that they should be set from within the market, has long been struggling to transform itself from an informal club into a centralised body with some of the rule-making and supervisory functions of a stock exchange.

Under rules adopted at the beginning of the year, the association is collecting electronically the closing prices of over 4,000 bonds daily from its members. The discreet and sensitive market has, however, rebelled against a more extensive automated system on which traders would constantly display prices at which they were commited to deal.

Meanwhile the UK, through which perhaps 70 per cent of the Eurobond market is channelled, has adopted investor protection legislation with far-reaching implications for Euromarkets firms: their London operations will soon have to meet tough new tests of their financial resources and conduct of business.

Senior practitioners have been closely involved in helping to shape the self-policing structure being introduced under Britain's Financial Services Act. Given the masssive expansion of the markets, most have come to accept the need for rules.

But the association's members, especially on the Continent, object to the export of UK regulation and particularly to the role that the asssociation itself will play in the new UK regulatory system. Of 861 member firms, fewer than a quarter are based in London.

The new requirements are defended by the association which wants improved transparency and liquidity for the Eurobond market but is anxious not to be seen to be submitting the multinational body to UK regulation.

Mr Arthur Schmiegelow, chairman, has told members: "Much of what we expect will be asked from AIBD—mainly in the field of monitoring the market—will be very similar or closely related to the developments that the board had in mind for the market in any event."

The non-UK houses have won a small victory: the Zurich-based association will not come under direct UK regulation as a recognised investment exchange. Instead, it is expected to be a designated exchange — like foreign stock exchanges — and will, therefore, not be obliged to have its rule book approved by the UK authorities.

But it will still have to satisfy the UK about price and trade recording, and the hadling of customer complaints. And firms with London offices must be authorised to trade by the Securities Association, a new self-regulatory organisation.

Even with this concession, the UK system clearly implies many new costs for firms with London offices: meeting capital adequacy requirements, funding the regulators, using extra time and personnel in order to observe lengthy codes of conduct, employing compliance officers and buying new systems for self-supervision.

Yet despite the long preparation period, the parctical effects on the Euromarkets of the new UK rules are only now coming home to many firms. However, much remains to be settled, including the precise amounts of capital which must be kept by securities firms operating in the UK.

At the same time, new threats are emerging. Though the UK emphasis has been on investor protection, officials in Britain, the US and elsewhere are also worried about the risks of an accident, potentially endangering the world financial system, caused by rapid and huge flows of capital between increasingly global securities firms.

UK and US regulators have launched a series of joint initiatives: a pact on exchange of information, which bore fruit in exposure of the Guinness scandal; proposals for common risk-based capital adequacy rules for banks; and plans for common risk weightings for swaps and related instruments.

New issue activity could be hindered by the swap rules and by tough guidelines issued by the Bank of England on capital adequacy requirements for lead underwriters of securities. These guidelines are now expected to be applied to securities firms as well.

Also affecting new issue activity is the increasing threat to the Eurobond market's role as an offshore market with its limited disclosure requirements that help wealthy Continental private investors quietly to evade tax by investing in bearer securities.

A draft directive from the European Community would require publication of prospectuses in every member country where securities might be sold. The initial filing with a "competent authority" would have to take place before any securities were sold at all. The market is lobbying strongly against the directive.

Since lead managers are unlikely to want to keep an entire issue on their books from the time they buy a deal until they have put together a prospectus, the directive would mean big changes in issuing methods.

Issues would have to be managed from outside the EC, for example from Switzerland, or EC countries might have to develop a US-style shelf registration system. The latter would be more costly and less flexible than current rapid distribution methods and would reduce the competitiveness of the Euromarkets as against rival funding sources, bankers argue.

Hyatt Hotels UK drive for expansion funds

BY ANDREW BAXTER

HYATT HOTELS, the up-market hotel management group owned by the wealthy Pritzker family of Chicago, has launched a drive to raise equity funds from UK institutions to help support its expansion and diversification plans.

Mr Laurence Geller, British-born executive vice-president of Hyatt Development, the planning and construction arm of the privately-held US concern, was in London last week conducting a series of meetings with UK pension funds and other institutions.

Behind the approach lies a desire by Hyatt to spread its funding sources in an era of considerable volatility in world financial markets. Hyatt currently has 26 hotels under construction world-wide, to add to its present total of 126—and with ambitious resort developments costing as much as $400m in the pipeline, it needs to raise around $1bn a year to fund its growth.

Along with internally-generated funds, the US has historically provided the bulk of the company's capital requirements, said Mr Geller. But 3½ years ago Hyatt began raising money in Japan. After two years of footwork Mr Geller says it has raised $600m-$1bn there in the past 12 months.

Mr Geller admits, however, that the US budget deficit, and the heavy exchange losses that Japanese investors face because of the resultant fall in the dollar's value, "really does concern me . . . It would be very simple of them [the Japanese] to cut off the investment. They could as well invest in German and UK equities."

Mr Geller said Hyatt had been lucky with banks in the UK over the past few years. One of the company's current developments, the 1,244-room Hyatt Regency Waikoloa in Hawaii, required $310m in bank financing, for which Wells Fargo led a syndicate which included Kleinwort Benson and Japanese banks.

However the problems in the hotel industry worldwide, which has seen what Mr Geller called "a lot of poorly performing hotels' since the 1973 oil shock, have increased the need for conservative financing in order to reassure investors. Hence the requirement for equity funding.

The company likes to have equity financing of between 30 and 40 per cent for a project. For example, a recent $60m hotel development in Greenwich, England, for which Standard Chartered contributed on the loans side, included $20m of equity.

But Mr Geller indicated that attracting risk capital was a harder job in Europe than in the US, where a typical real estate portfolio might be 30 per cent-invested in hotels. This partly reflected attitudes, with European investors looking at hotels as "too much of a current business, rather than part of a real estate portfolio."

"My mission is to prove that hotels are a good, sensible investment," he says. He had already found some interest among Dutch and German institutions, and was now "sowing seedcorn" in the UK.

Hyatt has annual revenues of well over $1bn but, as a private company, does not publish profit figures—the most obvious indicator of the truth of Mr Geller's assertion. He claims, however, that Hyatt is as profitable as any other hotel chain in the world.

In order, therefore, to attract investors who are accustomed to a regular diet of quarterly earnings reports and brokers' analysis, the company shows potential recruits the returns from a specific project or group of assets.

Mr Geller points out that many hotels are "phenomenal cash cows" once development costs have been paid off, while there is the added bonus of possible windfall gains from a sale or refinancing.

He adds that many investors like both the anonymity of dealing with Hyatt and the company's up-market profile. Hyatt itself is beginning to recognise the potential of its name, and is experimenting with "brand extension" exercises such as apartments for the retired, retailing under the Senses of Hyatt banner, and taking the Hyatt name into the suburbs by building hotels as "anchors" in mixed-use developments.

This diversification suggests that Hyatt will be stepping up its calls on potential investors in coming years.

Laurence Geller raised up to $1bn in Japan

Tokyo adopts auctions for bond issues

By Yoko Shibata in Tokyo

THE JAPANESE Ministry of Finance has decided to switch to an auction system for the sale of 20 per cent of future public issues of 10-year government bonds, and to distribute them proportionately among bidders.

The move stems from the Ministry's desire to avoid financial friction with other countries which have been calling on Japan to give foreign financial institutions a larger share in Japanese government bond dealings.

The decision will be notified to the US at the next Japan-US yen/dollar committee meeting, to be held in Washington later this month.

The ministry notified the syndicate of government bond underwriters of its plan late last week. The syndicate is expected to accept the plan in principle.

It will switch to public auctions for sales of 20-year government bonds from August, to replace the present system of underwriting by a syndicate of banks, securities houses and foreign banks.

At present, medium-term bonds of up to four years' maturity are issued through public auctions. However, the 20-year government bond is proportionally very small, accounting for only 4.6 per cent of government debt, compared with the 76.6 per cent accounted for by 10-year government bonds. The ministry has been under heavy pressure to adopt auctions for 10-year government bonds.

A group of US Congressmen who visited Japan last month urged the auction of the 10-year government bonds and threatened to pass a bill to stop three Japanese companies from continuing as primary dealers in the US government market.

The congressional delegation described as "insulting" the present situation in which US financial institutions are permitted to underwrite only 0.67 to 1 per cent of Japanese 10-year government bonds, while Japanese companies enjoy "coveted" primary dealer status in the US.

Under the plan the government will offer about 20 per cent of 10-year government bonds for auction and will distribute them to bidders in proportion to their bidding amounts.

However, in order to prevent Japanese financial institutions from taking up all the publicly offered portion of the government bonds, the ministry intends to set a ceiling on subscription amounts

FT LAW REPORTS

No time limit for bringing building arbitration

CRESTAR LTD. v CARR AND ANOTHER
Court of Appeal (Lord Justice Fox and Mr Justice Sheldon): May 1 1987

AN ARCHITECT'S final certificate under a building contract does not override an arbitration clause in the absence of special provision; and if the contract provides that the sums certified are to become "a debt payable" to the builder after a certain time, they do not become an incontestable debt on expiry of that time, but may be the subject of arbitration.

The Court of Appeal so held when dismissing an appeal by Crestar Ltd ("the builder"), from a decision of Sir Douglas Frank QC, sitting as a Queen's Bench judge, that its action against houseowners, Mr and Mrs Carr, be stayed pending arbitration.

Section 4 of the Arbitration Act 1950 provides that if a party to an arbitration agreement commences court proceedings against the other party, the oher party may apply to the court to stay the proceedings, "and that court . . . if satisfied that there is no sufficient reason why the matter should not be referred in accordance with the agreement . . . may make an order staying the proceedings."

LORD JUSTICE FOX said that by a contract of November 1 1984 the builder contracted with Mr and Mrs Carr to carry out works at their house in Essex. The contract was in the Joint Construction Tribunal (JCT) Minor Works Building Contract form.

The price was £70,634. The works were specified in detail. The contract provided that the architect might order a change in the works, to be valued by him "on a fair and reasonable basis."

Condition 9 of the contract provided that the architect should certify the date when works had been practically completed, and that any defects appearing within three months should be made good by the builder at its own cost. Condition 9 (iii) provided that the architect should certify the date when the builder's obligations under the clause had been discharged.

Condition 10 provided (i) that if the period for completion of works exceeded two months the architect should certify interim payments; (ii) that 10 days after the certified date of practical completion the architect should certify payment to the builder of 95 per cent of the total; and (iii) that 10 days after the date certified under clause 9 (iii) the architect should certify the amount remaining due "and such sum shall as from the 14th day after the date of the final certificate be a debt payable . . ."

Condition 15 provided that any dispute should be referred to arbitration.

During the course of the contract extra works were carried out amounting, so the builder asserted, to £46,000. The contractual completion date was February 11 1985. Practical completion was in fact in June.

On October 1 1985 the architect signed what was intended to be a final certificate under condition 10, certifying payment due of £39,975.

Prior to final certificate Mr and Mrs Carr had paid all sums certified, amounting to £77,698. They did not pay the £39,795 specified in the final certificate. On October 22 1985 the builder issued a writ against them for that amount.

Mr and Mrs Carr indicated that they desired to seek arbitration and that they had a defence and counterclaim in respect of prime costs allegedly allowed under the contract, work not carried out in good and workmanlike manner, work already paid for, and unreasonable price.

Sir Douglas Frank allowed their application for a stay of the action, pursuant to section 4 of the Arbitration Act 1950.

On the present appeal the builder submitted that an architect's final certificate was generally conclusive of the fact that the work had been carried out to the employer's satisfaction, and that even when there was a generally worded arbitration clause giving the arbitrator power to open up, review and revise any certificate, that might not necessarily prevail over a certification clause.

It submitted that "such sum shall be treated from the 14th day after the final certificate as a debt payable" in condition 10 (iii) meant that on the 14th day after issue of the final certificate the contract was discharged, save for the obligation to make the payment.

It submitted that "such sum shall be treated from the 14th day after the final certificate as a debt payable" in condition 10(iii) meant that on the 14th day after issue of the final certificate the contract was discharged, save for the obligation to make the payment. Consequently, it was argued, there was no continuing obligation under the contract upon which the arbitration clause could bite.

If that approach were not right, it was said, the provision for arbitration remained indefinitely, which could not have been intended.

The builder did not say that a final certificate could not be reopened by the arbitrator under condition 15. But it said that it could not be re-opened by him after the expiration of 14 days from date of final certificate, at which point a debt was due from Mr and Mrs Carr and the builder's obligations were discharged.

The conditions assumed that before the final certificate was presented to houseowners, they would already have been presented with the penultimate certificate under condition 9 (iii), and would have paid 95 per cent of the total sum due.

The conditions assumed that before the final certificate was presented to Mr and Mrs Carr, they would already have been presented with the penultimate certificate under condition 9 (iii), and would have paid 95 per cent of the total sum due. They would know that any outstanding liability must be quite modest.

On presentation of the final certificate Mr and Mrs Carr were being asked to pay not 5 per cent of the total cost, but nearly 30 per cent. That was not due to any default by them, because on the evidence they had paid all sums claimed promptly.

The contention that, in those circumstances, Mr and Mrs Carr had only 14 days in which to pay the £39,975, failing which an incontestable and non-arbitrable debt arose, was quite contrary to the structure and intent of the contract. The result would be oppressive and could not have been intended.

The amount was substantial and expert advice might be necessary before Mr and Mrs Carr could decide what to do. Fourteen days could not possibly be adequate time to meet such a situation. The contract was never intended to deal with such facts and clause 10 was quite inappropriate to deal with them.

Condition 15 contained no limitations in time as to the reference of disputes to arbitration. Nor was there in the contract any express provision as to the conclusiveness of a certificate which would override the arbitration clause.

The builder contended that "debt" in condition 10 (iii) produced the same effect.

That was not accepted. "Debt" was a convenient and accurate description of the sum certified by the architect in the sense that the parties contemplated, *prima facie* that the party expressed to be entitled to it could sue for it.

But that did not determine the question whether houseowners were precluded from raising any defences which they would have had prior to the expiration of the 14 days. There was nothing in the arbitration condition to prevent that, nor in any other condition of the contract save, it was said, the word "debt".

That was not sufficient: It placed undue weight on the word. Having regard to the width of the arbitration provision and the absence of any express provision as to the conclusiveness of certificates, there was no inference that the parties intended to prevent Mr and Mrs Carr referring matters to arbitration after the end of the 14-day period.

Accordingly they were entitled to a stay of the present proceedings. The appeal was dismissed. Mr Justice Sheldon gave a concurring judgment.

For the builder: Philip Engleman (Kenneth Bearis & Co, Chelmsford).

For Mr and Mrs Carr: John Powles (Wilkinson Kimbers & Staddon).

By Rachel Davies
Barrister

THESE REPORTS are published in volume form with the full texts of judgments. For subscription details contact Kluwer Law Publishing, Africa House, 68 Kingsway, London WC2B 6BD. Phone 01-831 0391.

UK COMPANY NEWS

AB Foods rises 17% to £190.5m

BY CLAY HARRIS

Associated British Foods, the food manufacturer, yesterday reported a 17 per cent rise in pre-tax profits and said it would take a five-year holiday on contributions to its main UK pension fund.

ABF is also to meet the Office of Fair Trading this week to discuss its intentions towards S. and W. Berisford, the commodity trader and sugar refiner. Speculation that ABF would bid for Berisford has mounted since it bought the Italian Ferruzzi group's 23.7 per cent stake for £133m earlier this month.

The pensions holiday, after an actuarial revaluation indicated a funding surplus, saved ABF £6.7m in 1986-87 with similar amounts envisaged in each of the next four years, Mr Peter Wood, financial controller, said yesterday.

In the year to March 28, ABF boosted total pre-tax profits from £163.5m to £190.5m.

Excluding investment income and the Fine Fare and Shoppers Paradise grocery chains sold to Dee Corporation in June, group profit rose by 22 per cent from £91.5m to £112.1m on turnover 7 per cent ahead from £2.05bn to £2.2bn. ABF did not publish a global sales figure for the year.

ABF described the profits advance as "very satisfactory" considering the traditionally low margins for its products, which include bread, cakes and biscuits.

The supermarkets contributed £7.9m in the three months they remained part of the group, against £32.9m in the previous full year.

In the UK, sales rose by 7 per cent to £1.48bn and trading profits by 14 per cent to £76.3m. Manufacturing profit rose by 15 per cent to £65.5m, with milling and the Twining's tea activities offsetting "disappointing" bakery results.

Without Fine Fare, profit from remaining UK retail operations rose by 7 per cent to £10.8m.

Profit growth outside the UK was depressed by the strength of sterling but rose by 18 per cent to £38.2m.

The Dee disposal was reflected in higher investment income of £70.5m, against £39.1m, as ABF's net cash position rose to exceed £1bn at year-end. The managed funds underperformed in the first half, but recovered with the UK gilt market later in the year.

The sale to Dee also produced a net extraordinary credit of £327.2m, after a £48.4m provision for capital gains tax.

After tax of £64.1m (£63.2m), and minorities of £2.2m (£2m), ABF reported profits of £124.2m (£98.3m).

Earnings per share rose from 24.7p to 30.3p.

A second interim dividend of 5.1p (4.2p) will make a total for the year of 7.3p (6.1p). ABF shares fell 5p to 398p.

See Lex

Polly Peck profits ahead at £36.9m

Polly Peck International, the international trading company with interests in agriculture, food and related industries, and consumer electrical goods, boosted pre-tax profits by more than 18 per cent from £31.16m to £36.87m in the six months to February 28 1987. Turnover moved up from £114.2m to £171.99m.

Shareholders will benefit from the improved performance through a declared interim payment of 1.75p—up from an adjusted figure of 1.25p.

Mr Asil Nadir, chairman, described the results as encouraging and said that the international development of the group was continuing most satisfactorily.

He said that continued good progress has been made in the agriculture, food and related industries divison. Profits of £31.3m (£26.8m) were achieved on turnover of £103.9m (£79m).

The division experienced generally good trading conditions in all its markets and the programme of geographical market expansion has continued.

Profits in the consumer electronics division improved from £1.7m to £3.9m on turnover up from £20m to £38.3m. This performance reflected the contribution of the Vestel business, which strengthened its position in the Turkish consumer electronics market and continued to increase market share, as the acquisition of Russell Hobbs Tower took place only in mid-January.

The chairman said that marked progress has been made in the textiles division following further rationalisation of the old and improvements in the new businesses. Profits during the six months were £1.7m (£2.7m) on turnover of £29.8m (£15.2m). In the year to August 1986 the division made profits of £1.3m on turnover £34.6m—an indication, Mr Nadir said, of the scale of recovery.

Progress has been made in the development of new projects in the pharmaceutical, toiletries and cosmetics division.

Tax charges accounted for £5.27m (£5.14m) and minorities, £412,000 (£40,000). Earnings worked through at a basic 23.9p (19.9p) or 21.5p (18p) on a fully diluted basis.

● comment

History has repeated itself for Polly Peck: the infamous £36 share price hit in the giddy days of 1983 was finally passed (on a fully diluted basis) a couple of days ago after a virtual doubling of the price since the start of 1987. Apparently London's residual scepticism is not shared by the US investors who now hold up to 20 per cent of the stock. None the less Poly has been actively prettifying itself—adding to management and building up the financial controls. Trading margins have generally been shaved, but in textiles returns have been slashed and this clearly remains a problem area with Wearwell having to be severely rationalised and then only just breaking even. Further, debt is on the rise with gearing up a sixth at 60 per cent which could cause investors' to fear that another equity issue is on the way. However, any move in this direction should be resisted as even the recent share price rise still only puts Polly on a prospective multiple of 6 (on forecasts of £83m). Among the top 1,000 companies only Midland, Barclays and Lloyds banks share this lowly rating—with third world debt/unbidability often given as the reasons for this.

Grand Central up to £479,000

BY TERRY POVEY

Grand Central Investment Holdings, the food production and distribution company run by Mr Ishwar Nahappan, yesterday announced pre-tax profits of £479,000 (£88,000) for 1986; the £4.4m acquisition of the Kural plantations; and the appointment to the board of Dato Musa Hitam, Malaysia's former deputy prime minister.

Mr Nahappan, a well-known Malaysian lawyer, took over Grand Central in mid-1985 and last year it raised £2.6m through a placing of 10.3m new shares by Laurence Prust and Merrill Lynch with institutions. Mr Nahappan is chairman and owns 51.7 per cent of the outstanding shares.

In the past 12 months, Grand Central has purchased four UK investment properties to provide a regular income; acquired Upali, Malaysia's second largest cocoa products and consumer chocolate maker; acquired Tsolakkis Brothers, a Melbourne food-products distributor; and returned to paying dividends after a nine-year gap.

On the basis of these acquisitions City analysts are expecting pre-tax profits this year to more than double to about £1.2m.

For 1986 turnover was £4.1m (£183,000) and gross profits £654,000 (£2,000). The pre-tax profits were posted after administration costs of £426,000 and net interest receivable of £251,000 (£138,000). Earnings per share of 1.88p (0.4p) were posted on an average weighted capital of 23.64m shares. The dividends paid totalled 0.55p

Bunzl makes acquisitions

For a maximum cash consideration of £10.6m **Bunzl** has bought three companies to join its transportation and industrial divisions. The initial payment is £9.6m cash and there could be a further £1m dependent on profits.

Combined pro-forma profits before tax of the companies for 1986 totalled £2m.

The companies are Mann and Son London (Holdings), automotive shipping agents, Ripponden and District Motors, operating in the Pennines, and Channel Creasing Matrix.

Panel ruling clears MIM fund

By Clay Harris

The Takeover Panel ruled yesterday that the MIM fund management group was not acting in concert with United Newspapers either before or after the publishing company launched its £250m bid for Extel Group on April 30.

MIM has held 7.2 per cent of Extel, all but 0.2 per cent on behalf of discretionary clients, for a number of years. Samuel Montagu, the merchant bank, last month bought 26.3 per cent of Extel on United's behalf, pending approval by the latter's shareholders.

Even though Lord Stevens is executive chairman of both United and MIM, the panel said it was satisfied that "no MIM personnel with responsibility for fund management had any involvement with or knowledge of United's proposed offer."

The panel had also been assured about MIM's procedures in the case of conflicts of interest involving a director, that an independent non-executive committee or pension fund trustees would make the decision for each client.

Mr Alan Brooker, Extel chairman, said he was not surprised by the outcome but added: "The Panel dealt with the principle of exempt fund managers but failed to deal with the specifics of this case."

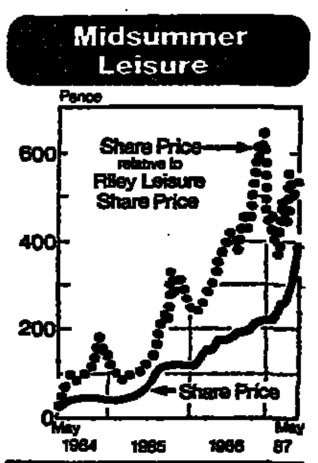
Midsummer halfway profits double

By Clay Harris

Midsummer Leisure, the public house, discotheque and shopfitting group which yesterday launched an £18.6m bid for snooker company Riley Leisure, announced a rise in pre-tax profits from £404,000 to £851,000 in the six months to March 31. Turnover more than doubled from £2.95m to £5.98m.

An interim dividend of 1.5p will be its first at the halfway stage, and a forecast final of 2.5p would double the total for the year from 2p in 1985-86.

The proceeds of a £16.8m conditional placing, also announced yesterday, will fund the cash alternative in



the Riley bid, which is not underwritten. The balance will be used to eliminate borrowings and to provide the capital base for additional acquisitions.

Existing shareholders will be offered a 100 per cent clawback at the 345p placing price, on a one-for-two basis.

If Midsummer's paper offer for Riley were to be accepted in full, its ordinary capital would nearly double from 9.6m shares to more than 18.4m shares.

At yesterday's share price, this would imply a market capitalisation of about £76m compared with £3.5m two years ago, when Mr Adam Page and Mr Paul Reece, chairman and finance director respectively, reversed their private interests into the company less than a year after taking it over.

PITTARD, the leather group, has declared its offer for Garnar Booth unconditional. Yesterday, it declared firm acceptances on behalf of 50.01 per cent of Garnar's shares. However, rival bidder Hillsdown Holdings, also ends up with a large, 40 per cent, minority stake.

Graphite sales help BOC profits advance by 30%

A SHARP improvement in carbon graphite sales helped BOC Group to a 30 per cent jump in pre-tax profits to £119.7m for the six months to March.

The special products and services division, which includes graphite, swung from a £3.8m loss last year to an operating profit of £21.9m. Mr Richard Giordano, chairman, said that about £20m of the swing was due to graphite.

A gain of some £5m was attributable to lower depreciation following a write-down of the book value of graphite business. However, graphite volume was up by at least 20 per cent, Mr Giordano said, and the plants were running flat out.

Although the business was producing an adequate return, Mr Giordano was not entirely happy about its future.

"It's still a business tied essentially to steel," he said. "The swing in the currencies has belatedly vindicated our choice of the US as the producing site, but we most have worries about our customer base."

Profits from gases rose 5 per cent to £93.3m, on sales unchanged at £677m. Before the effect of exchange rates, trading profits would have been up 11 per cent and sales 6 per cent. UK gases volume was up by between 5 per cent and 8 per cent, and profits from UK gases were 10 per cent ahead.

The group's third division, healthcare, showed profits 5 per cent higher at £36.9m. The medical engineering business and Viggo, the intravenous disposables subsidiary, both showed lower profits, but the fall was les sthan £1m in each case.

Overall, exchange rates had depressed profits by £8m, BOC said. In addition, there had been a £6.6m gain last year on the forward sale of dollars, which had not been repeated this year. Though group sales were 2 per cent down at £935.2m, they were some 7 per cent ahead in local currencies.

Geographically the strongest performance came from the Americas, due to the turnround in graphite, with profits up 68 per cent at £64.3m, 44 per cent of the total. Japan remained difficult, Mr Giordano said, but BOC remained committed to a strategy of building its Far Eastern business.

"Things are going better now," he said. "We are actually making a little money, where most, if not all, of our Japanese competitors are losing."

Earnings per share were 40 per cent ahead at 18.7p, and the dividend was raised 18 per cent to 5.15p BOC's shares fell 10p to 471p.

See Lex

BAe $28m US purchase

BY MARTIN DICKSON

British Aerospace is to spend $28m buying a 41 per cent interest in Reflectone, a Florida-based manufacturer of simulators and training systems for the aerospace and defence industries, and has an option to up the holding to 51 per cent.

The agreement is subject to it obtaining clearance from the US Defence Department for such a transfer of ownership to foreign hands, and this could take up to 120 days.

The deal would give BAe a presence in the rapidly expanding market for simulators and training systems.

Reflectone, which employs about 580 people, had revenues of about $50.3m in the year to March 1986 and pre-tax profits of $1.45m. It shares have been changing hands recently for about $21 to $22.

BAe has bought 100,000 shares from Reflections at $28 each and will purchase an additional 900,000, taking the holding to 41 per cent, after Defence Department and other clearances have been obtained.

Evered in £8.4m bid for Hallite

BY NIKKI TAIT

Evered Holdings, the acquisitive industrial conglomerate headed by the Abdullah brothers, yesterday made an £8.44m recommended offer for Hallite, the plastic seal and hosemaker, in which it picked up a 24.9 per cent stake last February.

According to Mr Raschid Abdullah, chairman of Evered, Hallite's seals and polymer components business is inherently higher-margin than Evered's existing businesses in this field and the acquisition will bring in technical skills.

However, Hallite's recent record has not been happy. Last November Mr Jim Gordon, former chairman and managing director, resigned; then, in January, the company reported a dip in interim profits from £46,000 to £42,000 pre-tax and warned of full-year figures "significantly worse" than 1985-86's £617,000.

The predominant problem, according to the company, has been lack of volume in orders, coupled with the downturn in the offshore oil market. However, Mr Abdullah said he believed the company could benefit from greater direction. In the last 1986 balance sheet, net asset backing stood at 280p a share.

The terms of the Evered offer are five Evered shares for every four Hallite or 305p in cash. The cash element will be financed either from Evered's own resources or through E & F (Guildford), which purchased the Hallite stake in concert with Evered and in which Evered owns half the shares.

With Evered up 1p to 246p yesterday, that values each Hallite share at 307.5p. Yesterday, Hallite added 50p to 300p. Last month, Evered effectively doubled its size via a successful £99m bid for London and Northern.

The offer is recommended by the Hallite directors, who intend to accept

Marina Development having talks

Marina Development Group, the troubled marina operator, is in talks which could lead to a change of ownership.

Mr Robin Aisher, chairman, and Muro Investments, who together hold 41 per cent of the company's shares, have received an approach from an unnamed suitor regarding the possible sale of their shares for 125p cash each.

The company said that if the sale went ahead, other shareholders would also be offered 125p. Shares rose 10p to 133p yesterday.

Last month the company warned that pre-tax profits in the year to March would fall short of the £770,000 predicted at the time of its flotation on the USM in July of last year. It blamed delays in deliveries.

CU places shares

Commercial Union Assurance, one of the UK's major composite insurance groups, has placed 3.5m new shares in connection with its application for listing on the Paris Stock Exchange.

The shares represent 0.84 per cent of the capital, and were placed with French institutions through Societe Generale.

CU already has a presence in France, with its life and savings transacted through L'Epargne de France.

Its non-life business recorded £26m of premiums last year and is headed by Mr Bernard Attali, former chairman of the French national insurance giant GAN.

CU's long-term strategy is to expand its insurance operations in Continental Europe, particularly in France, to replace the rundown of its US operations.

The share placing and stock exchange quotation is expected to assist in this development.

SHARES in Barlows, Manchester-based packers and warehousing company, were suspended at the company's request pending an announcement.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Aberfoyle Hldgs. ...¶int.	1	—	—	1	—
AB Foods ......2nd int.	5.1†	Sept 1	4.2	7.3	6.1
Asda Property	3.5	July 1	3	3.5	3
BOC ....int.	5.15	—	4.37	—	10.79
Matthew Brown ...int.	3.75‖	—	3	—	14
Craton Lodge ......int.	0.7‡	—	0.6	—	2.2
Crystalate ....int.	2.1	—	1.85	—	5.1
Grand Central Inv. ...	0.3	—	—	0.55	—
Midsummer Leisure int.	1.5	—	—	—	4
Personal Assets	0.5	July 21	0.35	0.5	0.35
Polly Peck ....int.	1.75	Oct 20	1.25*	—	5.63*
Sangers Photo	1.6‡	—	1.45	2.4	2.2
TR Technology	1.4	July 1	1.3	1.9	1.8

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ 1st interim in lieu of final. ‖ To reduce disparity.

David Smith to expand in publishing and exhibitions

BY RICHARD TOMKINS

David S. Smith, the fast-growing packaging and paper grou pheaded by Mr Richard Brewster, yesterday gave notice that it was aiming to add publishing and exhibition organising to its broadening spread of activities.

It said it was particularly interested in business and specialist consumer journals, provincial newspapers, and the organisation of trade, industrial and consumer exhibitions. Growth could be either through acquisition or new launches.

Mr Bryan Hope, chief executive of the Racing Post, has joined the group as a consultant to help dvelop a media communications division. He headed Reed International's business publishing and exhibition interests until last December.

David S. Smith has acquired Western Board Mills, Abbitrin, St Regis and Corrugated Products in the last four yaers. In the six months to last November pre-tax profits rose from £2.6m to £10.2m.

Ward White's ADRs

BY NIKKI TAIT

Ward White, the acquisitive retail group, yesterday detailed its plans for a share quotation in the States — keeping strictly within the new institutional guidelines on pre-emptive rights.

The company plans to have its shares traded in American Depository Receipt form on NASDAQ, the New York Over-the-Counter market. WW has filed a registration statement for an offering of up to 962,437 ADRs, covering 2.89m shares. The issue will probably take place in late June and, at current prices, would raise $18m.

The issue, however, covers less than 2½ per cent of the company's issued equity — the new limit stipulated by the insurance companies as the maximum they are generally prepared to sanction without pre-emptive rights (first refusal on the new shares). Yesterday, Ward White said it had "taken heed" of the new guidelines, and hoped that the market in its ADRs would not become illiquid because of the relatively small amount of stock.

Rainbow stake in Normans

BY TERRY POVEY

Rainbow Group, New Zealand investment group, has taken a 4.9 per cent holding in Normans Group, discount food retailer. Both companies were speaking of having held talks to agree on possible co-operation.

As a result of recent share dealings in New Zealand, Rainbow Group is 30 per cent owned by Mr Ron Brierley's master company and both groups have exchanged directors. However, the London operation of the two groups remains separate and Rainbow is believed to be keen to otbain a quoted UK vehicle.

Earlier this month Normans acquired the privately-owned Joplings department store for £9.8m satisfied by a rights issue, a move Rainbow is supporting. In the year to March, Normans reported static pre-tax profits of £1.7m.

Shares in the food retailer have risen 15p, to close at 77½p last night, since reports of the meetings with Rainbow surfaced on Friday.

EPM cuts stake in subsidiary

BY NIKKI TAIT

Eucalyptus Pulp Mills, in which Leicester-based brick manufacturer Ibstock Johnson holds a 43 per cent stake, is to reduce its stake in its principle subsidiary company, Companhia de Celulose do Caima via a share of sales by tender on the Lisbon stock exchange.

Eucalpytus currently owns 93.1 per cent of Caima and will cut this to 76.43 per cent. Following the sale, Caima plans a one-for-five rights issue to raise £18m, which it will use to expand into "synerous activities." EPM has indicated that it plans to take up its rights, and the money raised from the share sale should effectively fund this.

EPM says the sale is prompted by "Caima's interest to have a broader share ownership, given the substantial interest in its shares shown by the developing Portuguese capital market."

At present, the outstanding 6.9 per cent of its equity is traded — sometimes very actively—with the shares trading hands at about 330,000 contos in Lisbon last week. EPM adds that its earnings are likely to be enhanced by the changes, and the shares gained 50p to £17.50.

Unilever profits jump to £349m in first quarter

BY ALICE RAWSTHORN

Unilever, the Anglo-Dutch consumer products and foods group, yesterday announced a 48 per cent increase in pre-tax profits—at constant exchange rates—to £349m for the first quarter of 1987 on sales which rose by 10 per cent to £4.49bn.

The company described the first quarter as "excellent". It attributed the surge in profits to volume growth and higher margins in Europe, combined with an improvement in its US business and the first contribution from Chesebrough-Ponds.

Earnings per share rose to 50.4p (34.8p) in the quarter. Unilever's share price gained £1¾ to £30¾ yesterday.

North America, traditionally a difficult area, showed a marked improvement. The established businesses moved into profit, although the personal products division still sports a loss, while Chesebrough Ponds made its first contribution. The division also benefited from a reduction in marketing expenditure compared with the first quarter last year. Turnover in North America increased to £917m (£640m) and operating profits to £53m (loss of £12m).

Chesebrough-Ponds, which contributed for the full three months, increased turnover by 6 per cent and operating profits by 17 per cent. Unilever has incorporated only the activities it intends to retain in these results. It is preparing for the disposal of businesses including Stauffer chemicals, Prince tennis equipment and Bass footwear.

The benefits of the group's established policy of concentrating on core areas of business filtered through in Europe. Turnover rose modestly to £2.72bn (£2.67bn), but operating profits grew to £223m (£160m). Unilever fared particularly well in edible fats, frozen foods and detergents.

Turnover in the rest of the world increased to £856m (£779m) and operating profits to £100m (£83m) fuelled by healthy growth in the Far East and Latin America.

Exchange rate movements had a negligible effect on the group in the first quarter, deducting £5m. Operating profits rose by £16m because of a changed policy for accounting for the depreciation of tangible assets. The inclusion of six extra days in the reporting period boosted operating profits by five per cent.

Unilever said that although it was confident that the group would make "good progress" in the rest of the year, the pace of profits growth would be slower than in this quarter.

See Lex

Sangers rises 76% to £1.3m

BY ALICE RAWSTHORN

Sangers Photographic, the photographic and video distribution group, yesterday unveiled a 76 per cent increase in pre-tax profits to £1.34m in its last financial year and mooted plans to embark upon an active acquisition programme.

Sangers has had a colourful history. It was floated off onto the USM from the Sangers Group, once owned by Mr Tom Whyte, the energetic Bermuda-based financier, in 1984. In the autumn of the following year, Mr Jeremy Peace, a merchant banker, acquired a controlling interest.

Since the takeover, Mr Peace has restructured the photographics business and has diversified into video with the acquisition of Stanmore Video Sales. The restructuring and the integration of SVS are now completed and the company is keen to expand into the new area of professional photography.

The restructuring has already improved net margins across the group from 3 to 4.9 per cent, according to Mr Peace, and in the photographic business from 2.5 to 3.9 per cent. In the year to February 28, group turnover rose to £27.56m (£25.07m restated), gross profits to £3.62m (£3.11m) and operating profits, boosted by cost-cutting, to £1.41m (£783,000).

Sangers now has net cash, but interest deducted £68,000 (£23,000) during the year and taxation £1.34m (£760,000). The company received a tax credit—from losses accumulated by its old pharmaceutical business, which will last for two more years—of £311,000 (debit of £310,000). Closure costs are expressed as an extraordinary item of £23,000 (£61,000). Earnings per share rose to 9.04p (4.74p) and the board proposes a dividend of 1.6p (1.45p).

● comment

● On the surface at least Sangers, with its entertaining history and a merchant baker at the helm, is the City's favourite sort of recovery stock. The shares soared immediately after Mr Peace's arrival, but have wavered ever since while the market waits to see whether the new management team really can revive its fortunes. With this set of results, Mr Peace has proved that the established business offered scope for organic growth. The City expects profits of £1.65m for the present year putting the shares, which fell 4p to 124p yesterday, on a prospective p/e of 11.5. Yet Sanger's future prospects hinge on acquisitions. The SVS takeover is an encouraging omen and the declared strategy of broadening the business base by diversifying into related areas makes commercial sense. But the City will want to wait a while longer before treating the shares to a re-rating.

Leisure Investments GRA stake

BY NIKKI TAIT

Leisure Investments, which operates amusement, leisure centres and snooker clubs, yesterday announced that it had sold 450,000 shares—just over 1 per cent of the equity—in GRA Group, the greyhound racing promoter turned property company which has been the recent subject of much bid speculation.

Its move could leave the field open for an offer from Priest Marians, the property and investment company, for GRA later this week.

The sale, through the market, reduces Leisure's stake to around 4.6 per cent—below the disclosable level. Leisure had been rumoured as a possible predator but yesterday Mr Stephen Forsyth, its chairman, commented: "At these levels, we're sellers."

"We were trying to approach the company on a friendly basis, but it seems that property developers are prepared to pay a much higher price. The price has gone well ahead of what we think the company is worth."

Shares in GRA, which have doubled since November, immediately eased 5p to 125p. However, Mr Isadore Kerman, GRA's chairman, confirmed that the company was still having serious discussions with Priest Marians, the property and investment company. "There is a board meeting on Wednesday and hopefully we are going to get an offer by then," he commented. Priest Marians confirmed that talks were continuing between the two companies and added, "We are getting very friendly."

Mr Kerman added that GRA is not currently in discussions with anyone other than Priest Marians. The company's brokers, Astaire & Co, have confirmed that the syndicate of shareholdings in GRA headed by Mr Kerman—which once totalled around 29 per cent—are still broadly in place. This makes agreement with the board a substantial advantage to any predator.

GRA owns five greyhound racing stadia, and the value of its assets is thought to be substantially greater than book value. Last September, it sold a stadium in Slough for £7.5m, although it was in the books at only £1.1m.

Yesterday Mr Forsyth said he believed it would be "an awful shame" if GRA went to a property company. Leisure Investments, he added, had envisaged extending the leisure facilities around the stadia but retaining the racing. "Can you imagine housing estates on Royal Ascot?"

Matthew Brown hit by tough trading

Tough trading conditions and a late Easter, putting the holiday period into the second half, were among reasons given by Matthew Brown, brewer, for lower taxable profits in the first half. Directors also said that the figures reflected the short-term consequences of action being taken in line with the group's longer-term strategy.

On turnover little changed at £27.84m (£27.33m) pre-tax profits for the six months to March 28 1987 were £3.71m, against £3.82m last time. A lower tax charge of £1.26m (£1.4m) left earnings per share slightly up at 10.8p (10.72p).

The interim dividend has been raised from 3p to 3.75p to reduce disparity.

The pre-tax figure was struck after depreciation of £1.25m (£1.1m) and net interest payable of £493,000 (£306,000).

Scottish & Newcastle Breweries, still holds a stake of 29.6 per cent, a result of its failed attempt to takeover the company in 1985. It has been able to make a renewed bid since the beginning of the year but no move has been made.

Unexciting figures for the rest of the year are still being forecast but with the completion of structural and organisation developments for future progress behind them.

● comment

No one can accuse Matthew Brown of short-termism: it is a brave management indeed which deliberately takes a profits cut when a predator is sitting on 29.6 per cent of its shares. Matthew Brown would have found it difficult to repeat last year's impressive gains in any case, with beer volumes depressed and trading conditions intensely competitive, but the cost and disruption of its £7m development programme have made any profits increase at all unlikely this year. If ever Scottish & Newcastle is to make its move, the moment must surely be now, for as every day passes, Matthew Brown comes closer to the time when it can deliver to its investors the fruits of this year's reorganisation. It is hard to resist the observation that if the terms of the previous bid were repeated, Matthew Brown's shares would be valued at 841p—a far cry from yesterday's 591p.

Central & Sheerwood shares suspended

Dealings in the shares of Central and Sheerwood, the crane maker and non-ferrous founder, were suspended on the Stock Market late on Friday at the company's request pending publication of reorganisation particulars.

Central and Sheerwood was saved from receivership in 1985 thanks to a novel restructuring package. Last December it reported a rise in interm pre-tax losses from £105,000 to £1.08m but said there was a prospect of a return to profits in 1987 and announced plans to reduce its heavy debt burden.

Crystalate advances 14% to £4m and order book strong

Crystalate Holdings, manufacturer of electronic products, reported a 14 per cent rise from £3.51m to £4.02m in pre-tax profit for the six months to March 31 1987. The improvement is over 40 per cent, however, if the £652,000 profit on sale of investments included in the corresponding figure for the previous year is discounted.

The directors said that although the company was selling into a highly competitive international market, the level of demand for most products continued to improve and the order book remained strong. The International Resistive subsidiary in the US, the purchase of which was compelted last November, had performed well and European operations were ahead of last year, both in sales and profit.

Changes in product mix together with the costs of recruitment and training were putting some pressure on margins. Although sales of products with a high purchased material content had risen, the return on investment in those products was satisfactory.

The group's cash and liquidity, the directors continued, was healthy despite the £11m cash element in the IRC acquisition; the search for further acquisitions remained a priority.

Turnover in the period was up from £29.28m to £47.9m and operating profits from £2.58m to £4.08m. Net interest payable was £280,000 (£58,000 receivable) leaving profits before the exceptional item of £4.02m (£2.86m). Tax took £1.11m (£1.06m) and earnings per share emerged at 10.19p (10.94p) basic and 8.9p (7.19p fully diluted.

The interim dividend is increased from 1.85p to 2.1p per 5p ordinary.

● comment

The City was alive with the sound of Crystalate profits forecasts being downgraded yesterday after the company's disappointing interim figures knocked 23p off the share price to leave it at 266p. Clearly the dollar/sterling exchange rate did nothing to enhance IRC's 4½-month contribution and elsewhere in the group there seems to have been little to compensate: strip out IRC and organic growth in operating profits comes down to 7 or 8 per cent. On that basis, and with little in the statement to suggest any short-term boost to performance, the outlook for the full year is for around £9.5m pre-tax and a 10 per cent increase in fully-diluted earnings to leave the p/e multiple at 13¼. That looks high enough for a company on below-average earnings growth and the shares could mark time pending further acquisitions (there is still £7m in the kitty) or more signs of lustre in Crystalate's markets.

Asda Property profits leap 74%

Asda Property Holdings produced a 74 per cent improvement in its pre-tax profit for 1986 to £1.92m.

Turnover rose from £9.82m to £15.1m and earnings per share were 3.8p higher at 11.8p. The dividend was 0.5p higher at 3.5p.

Directors were confident that with the higher level of activity and the rate of new acquisitions, the company would continue to perform well.

The group had successfully pursued its objective of capital growth in assets per share by concentrating in areas of the property market where it is already well established.

Investment in other residential and commercial property has been increased, maintaining the company's emphasis in London and the south east.

Interest payments took £3.61m (£2.43m). After tax of £644,000 (£344,000) and minorities of £9,000 (£6,000) attributable profit was (£757,000).

There was an extraordinary profit of £291,000 (£79,000) which was transferred to capital reserves.

LDH share move

SOME 22.5 per cent of the capital of the LDH Group is changing hands at 55p per share. The group is a wholesale distributor of furniture and upholstery fabrics.

Mr Michael Ross, the chairman, is selling 820,000 shares and his trust 1m. The purchasers are Mr D. A. Taglight and his pension fund 450,000 shares, Mr M. V. Blank and family interests 1.25m, and Mr H. N. Lewis 120,000. All three will join the present board in a non-executive capacity.

Whirlpool's London quote

Whirlpool, the US home appliance maker, has been admitted to a listing on the London Stock Exchange through an introduction sponsored by Goldman Sachs International.

The company is the biggest maker of domestic washing and drying machines in the US. In the year to last December it made pre-tax profits of $304.9m on sales of $4bn.

Whirlpool says the London listing is aimed at increasing international awareness of its products by developing a market in its stock throughout Europe.

Craton Lodge up and completes acquisition

FIRST HALF profits of Craton Lodge and Knight Group improved from £163,000 to £180,000 after bearing start-up costs of a subsidiary and the interim dividend is raised from 0.6p to 0.7p net.

The group, a USM quoted consumer product development consultancy, lifted its turnover from £1.45m to £1.98m in the half year ended March 31 1987. Tax charge was £68,000 (£69,000) to leave earnings at 1.98p (1.66p) per share.

The group has completed the acquisition of PHL Marketing and Research for an initial £192,500 with additional payments based on profit performance. The initial payment comprised £115,500 cash and £77,000 in ordinary shares; the additional consideration is a maximum £307,500 and can be cash or shares.

Net assets of PHL at March 31 1987 came to £54,000 and its profit was £50,000. In view of the timing of the acquisition its contribution to this year's profit will be small.

Overall, the current year will be one of consolidation but, as in previous years, the majority of profit will accrue in the second half — the comparable period of 1986 produced £442,000.

Aberfoyle profits jump to £2.4m

A sharp increase from £350,000 to £2.41m in 1986 pre-tax profits of Aberfoyle Holdings reflected the acquisition of Electra Investments (Zimbabwe) and the change in the basis of he investment portfolio from a wide-ranging spread of equity shares to a small number of larger companies with whom GMHI (the Zimbabwean subsidiary) would seek associate status.

In the November interim statement the board said that the change would have a material impact on thet profit and loss account and balance sheet. Net assets per share at the year end were 44.1p (8.1p).

Mr I. L. Coates, the executive chairman, said discussions were taking place which might lead to an initial acquisition in the UK, in line with the company's objective of broadening the geographical base

Turnover was slightly higher at £7.93m (£7.87m); taxation amounted to £637,000 (£29,000) and earnings per share up from 0.4p to 2.85p.

A first interim dividend of 1p (nil) has been declared in lieu of a final due to tax and technical reasons.

McInerney up to £4m and makes placing and rights

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

McInerney Properties, the Dublin company listed in London, yesterday went to the market with a share placing to raise I£6.93m (£6.2m) and offered shareholders a one-for-five rights issue at £2.36.

At the same time, it declared a 35 per cent increase in pre-tax profits from £3.04m to £4.1m for 1986. The proposed final dividend is 4p, making a total payment for the year of 5p, the same as the previous year.

The announcements raised interest in the shares which normally trade in a thin market. In London the price moved up 5p to 255p.

The share placing involves slightly more than 4m shares. The McInerney family interests are selling 1m and the balance is an issue of new ordinary shares. As the McInerney interests are not taking up their entitlement to the rights, their share of the equity has been diluted to 41.2 per cent.

This is the third share issue in six months, each of which has had the effect of diluting the McInerney equity. A year ago the family held 56 per cent. The two earlier issues were for the purchase of housing land near Southampton and a shopping centre in Dublin.

The increase in profits has come largely from the increased revenue realised from UK housebuilding operations and from timeshare development in Portugal. These two countries provide more than half McInerney's turnover, which rose to £76.9m.

Tilbury buys land

Tilbury Group, construction and property company, is to buy housebuilding land in Scotland from fellow housebuilder Bellway for about £4m.

The acquisition, which should add some £350,000 to Tilbury's pre-tax profit in the year to end-December 1987, will enable the company to expand its housebuilding operations to provide more comprehensive coverage in central Scotland.

Included in the purchase is Bellway's administrative centre at Falkirk and other fixed assets.

BOARD MEETINGS

TODAY

Interims: Bibby (J.), Brooke Tool Engineering, Guinness Peat, Holmes Marchant Group, Moran Tea, Thornton (G.W.), Tomkinsons, Yorkshire TV.

Finals: Allied Lyons, British Airways, Cakebread Robey, Fine Art Developments, Gartmore American Securities, Microlease, Readicut Intl., Sainsbury (J.), Top Value Inds., Trimoco.

FUTURE DATES

Interims:	
Church (Charles) Devlpmnts	June 4
Dobson Park Inds.	May 24
Greenall Whitley	May 28
Johnson Fry	May 28
Leeds Group	May 20
Finals:	
Imry Intl.	June 4
Jarvis Porter	June 4
London Assoc. Inv. Tst.	May 22
Nu-Swift Inds.	May 21
Storehouse	June 2

PERSONAL ASSETS Trust is paying a dividend of 0.5p net for the year ended April 30 1987 (0.35p) from earnings of 0.61p (0.38p). Net asset value was 61.4p (46.8p a year earlier). Total income £296,000 (£218,000). Long term appreciation is company's principal goal.

CRAMPHORN: Mr A. J. Dye and Mrs J. J. Dye of Bromley, Kent, have increased their holding in the company and now own 160,000 shares, representing more than 7 per cent of the issued capital.

SHARE STAKES

Dixons Group — On May 13 director S. Kalms sold 540,000 ord at 412p, and a charitable trust of which he is a trustee sold 300,000 at 412p.

Metal Closures — On May 15, K. H. Fischer sold 1.19m ord shares at 230p. They were purchased by institutional investors, and Mr Fischer no longer has any beneficial interest.

Bensons Crisps — Swinton Group and its pension schemes own 451,000 ord (6.1 per cent).

Minet Holdings—Director P. H. Foster sold 22,500 shares.

Moss Bros—W. R. Cass, director, purchased 40,000 shares at 680p.

Mil Research — Director S. J. Orwell disposed of 504,000 ord and holds 1,806,279 (16.06 per cent).

Associated Energy Services—Director Martyn Smith sold 50,000 ord shares at 36p.

More O'Ferrall — Chairman R. W. Gore-Andrews on May 13, sold 80,000 ord at 239p per share and now holds 358,147. In addition he holds options of 285,000 shares.

Portals Hldgs—On May 13, director J. W. Mather sold 30,708 shares at 300p.

S. Casket Hldgs.—Director T. Casket disposed of 100,000 shares at 117p and now holds 677,555 beneficial shares (4.93 per cent). Director H. Turpin purchased 30,000 at 117p, increasing holding at 500,000 (3.64 per cent).

Inchcape — Director Earl of Inchcape disposed of 10,000 ord at 657p and 20,000 at 656p.

MMT Computing — M. J. Tilbrook, chairman and managing director, disposed of 40,000 ord at 455p on May 6 and a further 40,000 ord at 455p on May 8.

Home Counties Newspapers—On May 11 chairman D. Woods sold 25,000 ord at 400p.

BTR — Under a share option scheme director H. W. Laughland acquired 45,000 ord at 160p and then disposed of them at 322p.

Carborundum Abrasives — To satisfy bank loan replayment requirements and related tax liabilities, the following directors have disposed of shares: T. A. Egan 124,600, K. Jackson 130,400, H. Kirk 91,600, H. C. Stewart 61,600. The directors collectively retain an interest in 5,495,500 shares (43.28 per cent).

COMMODITIES AND AGRICULTURE

Investors raise spending on platinum by 75%

BY STEFAN WAGSTYL

INVESTMENT PURCHASES of platinum rose by 75 per cent last year to 450,000 ounces, accounting for 16 per cent of all sales of the metal in the Western world, according to Johnson Matthey, the refining and marketing company.

Last summer's "scare" over the possible imposition of severe economic sanctions on South Africa, the dominant producer, attracted a wider following for the metal, the company says in its annual review of the platinum market.

In early 1987, without any special price movements, investors' purchases have continued at the level of the final quarter of 1986. "It appears that the basic level of demand has risen and is proving durable," says Johnson Matthey.

Mr Geoff Robson, the report's author, says private individuals buying small bars and coins make up the investment market, which is similar in kind to the market for gold coins rather than to the wholesale bullion market.

Johnson Matthey forecasts that prices should remain firm but in more tranquil market conditions than last year, when fears about South Africa sent prices soaring. While prices may not go higher without fresh bullish news the outlook or supply and demand should support platinum above $550 an ounce, the lower end of its recent trading range.

Platinum demand last year rose 2.5 per cent to a record 2.83m ounces, thanks largely to higher investment purchases and a 15 per cent increase in use of the metal in autocatalysts. Catalysts, fitted to clean exhaust fumes, accounted for 1.05m ounces, or 37 per cent of the market.

South Africa supplied a record 2.35m ounces to the market, 83 per cent of the total. Soviet sales rose to 290,000 ounces from 230,000 ounces but this was well short of a record 640,000 ounces shipped in 1977. Stocks fell by 60,000 ounces overall to meet a slight gap between supply and purchasers' needs. In 1985, stocks fell by 100,000 ounces.

While demand for platinum was up in the US and Western Europe, Japanese purchases fell 19 per cent to 1.01m ounces, largely because last year's price rise tempted Japanese investors to sell some 120,000 ounces. But this is unlikely to recur, says the report, unless prices rise sharply once more.

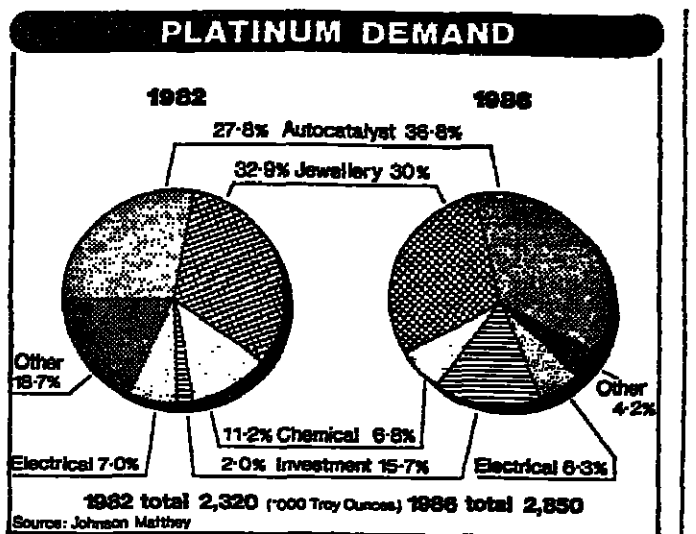
Looking at palladium, which is a by-product of platinum mining, Johnson Matthey says demand last year recovered strongly after a decline in 1985, thanks to increased orders from the Japanese electronics industry, which accounts for some 25 per cent of world consumption. The Soviet Union, the largest supplier, increased sales to the West 15 per cent to 1.66m ounces. The West's total supply was 2.97m ounces.

Johnson Matthey says that the Soviet Union supplies five times more palladium than platinum to the West, a higher ratio than might be expected because the Siberian ore is estimated to contain the metals in a three to one ratio.

The report speculates that Russia may have stockpiled palladium in previous years; or that Soviet demand for palladium is relatively poorer than for platinum; or else that newer mines at Talnakh may be even richer in palladium than the original ones at Noril'sk.

Platinum 1987, Johnson Matthey, 78, Hatton Garden, London EC1.

PLATINUM DEMAND



Source: Johnson Matthey

Cocoa buffer stock begins support buying

By David Blackwell

THE BUFFER stock manager of the International Cocoa Organisation bought 4,000 tonnes of cocoa yesterday, intervening for the first time under the 1986 agreement reached last year.

He announced on Friday his intention to purchase as the price fell close to the "must-buy" level of 1,600 special drawing rights a tonne. The organisation uses the 10-day average price, which stood at 1,605.31 SDRs yesterday, compared with the daily price of 1,598.15 a tonne.

The price for cocoa in the July position responded with a rise of £8 to £1,279.50 on the London Commodities Exchange. However, traders were unclear yesterday evening of the details of the buffer stock purchases.

Cocoa prices have been depressed for some time by oversupply after two years of good world crops which have been well above consumption levels.

The buffer stock manager, who last intervened in the market more than five years ago has the power to buy up to 25,000 tonnes at his discretion if the price is between 1,600 and 1,655 SDRs. This figure rises to 75,000 tonnes if the price falls below 1,600 SDRs.

Last month the influential London trader Gill and Duffus reported that the depressed prices were beginning to have a beneficial impact on cocoa consumption.

LONDON METAL EXCHANGE WAREHOUSE STOCKS

(Change during week ending last Friday)

	(tonnes)	
Aluminium	−12,600	to 111,750
Copper	−17,150	to 129,300
Lead	+ 2,500	to 12,775
Nickel	+ 1,146	to 6,006
Tin	− 775	to 28,435
Zinc	+ 1,125	to 33,500
	(ounces)	
Silver	−206,000	to 21,596,000

Cotton price surge continues

BY DAVID BLACKWELL

COTTON PRICES have surged over the past six weeks on the back of continued strong demand from the textile industry. The Cotlook "A" Index, published by Cotton Outlook, the Liverpool-based newsletter, closed yesterday at 77.10 cents a pound — the highest since August 1984.

As this year's crop is planted, buyers are revising their opinion of stock figures around the world, in particular for China, which had much less cotton from last year's harvest than was thought.

In August last year the Cotlook Index was at its lowest for many years at 36.35 cents, reflecting expectations of bumper crops from the US and China. It has since climbed steadily, apart from a temporary setback in February and March, rising 15.6 cents over the past month.

World consumption, at about 78m bales for 1986-87, is holding up well. "Textile units are using vastly more cotton than was expected nine months ago," according to Mr Paul Southworth, of Ralli Brothers and Coney, the Liverpool cotton merchants.

Mr Roy Keeling, UK director of the International Institute of Cotton, says there is a strong market for cotton clothing. "The mills are busy, order books are good, and spinners are buying fibre."

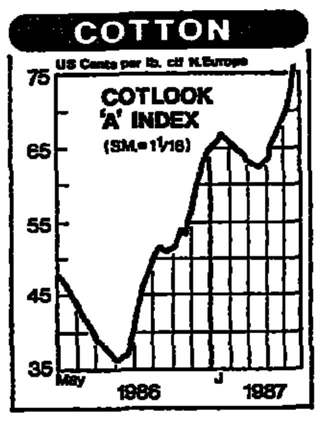
Production for the past year has turned out much lower than expected at about 70m bales. The resulting drawdown has left stocks for the coming year at about 40m bales.

Mr Southworth is convinced that the market is in "for a pretty choppy ride in the next four or five months" as reports come in on the growing conditions for the 1987/88 crop. The northern hemisphere produces about 85 per cent of the world's cotton.

"The market will react in both ways to crop development," he said. "Bad weather in the producing areas will push the price up, but one month of decent weather will produce a reaction."

He estimates the coming crop at 78m bales, with consumption at about 80m. A drawdown of another 2m bales on world stocks can be sustained, he says, but no more.

COTTON



African coffee boost urged

BY PETER BLACKBURN IN ABIDJAN

AFRICAN COUNTRIES have been urged to increase investment in coffee production substantially to enable the continent to recover its lost world market share.

Experts from the 25 member Inter-African Coffee Organisation meeting in Yamoussoukro last week recommended that proposals for coffee rehabilitation projects should be rapidly identified and submitted to regional and international development institutions, such as the African Development Bank.

A week-long IACO seminar was attended by about 100 African coffee experts, who urged that coffee research should be intensified with a greater exchange of information and plant material.

Coffee extension services should also be enlarged to include more women farmers and plans for a coffee extension training centre speeded up, they added.

Africa's share of world coffee output fell to 22 per cent in 1985-86 from 35 per cent in 1969-70, according to IACO. Africa is also in danger of losing its position as the world's leading producer of robusta coffee. It now produces only 51 per cent of world robusta against 87 per cent in the early 1970's one of the main reasons for Africa's decline is that the yields from its ageing plantations are now less than half the world average.

Lack of investment both for research and replanting has contributed to the decline while unattractive prices and complicated credit terms have discouraged farmers.

IACO is concerned that unless the decline in coffee output is quickly reversed African producers could suffer a cut in export quotas when they are reintroduced.

Coffee is a vital source of foreign exchange for many African countries.

Rain depresses Chicago grains

By David Owen in Chicago

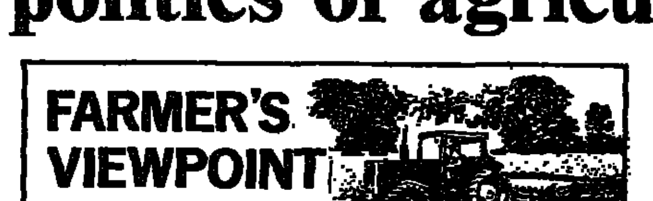
THE BULL run which has seen wheat and soyabean futures prices at the Chicago Board of Trade jump by up to 25 per cent in the last two months went into reverse yesterday as heavy rain swept across the Mid-West.

By mid-morning, the December maize price had fallen by the maximum permissible daily limit to $1.97½ per bushel. Other crops were also affected with July soyabeans down 23½ cents at $5.57½.

Record high spring temperatures in many far western states and a dearth of rainfall in the grain belt have been among factors boosting prices in recent weeks. However, much of the buying has been speculative, analysts point out. Hence yesterday's profit taking surprised few.

Further losses are generally expected if current weather conditions persist.

The politics of agriculture



POLITICIANS MUST be thankful that farming is not a leading issue in this election. We farmers are insignificant in polling terms, with a mere two per cent of the population including our workers, who would probably be voting in different directions from ourselves in any case. Farmers have also recognised that as far as general policy is concerned their future is at the mercy of the EC Council of Ministers at which the British representative is just one among a dozen and liable to be outvoted more often than not.

This has made it all too easy for any British Government to wash its hands of domestic agriculture.

Of course this is not admitted outright, and all parties will promise to use their influence to get the policy changed in the direction of common sense as they see it—usually towards lower prices and lower output which is not quite what British farmers want to hear.

We are comforted, however, by the knowledge that the real rulers of the EC's common agricultural policy are the smaller scale farmers in the rest of Europe who, by virtue of their numbers, are able to influence their own Ministers to their way of thinking.

This runs counter to the belief that the National Farmers' Union is one of the strongest lobbying blocks in the country, a notion to which I have never subscribed. Before the war Mr Chamberlain's Government, feeling itself threatened in a Norfolk by-election, plucked the President of the NFU from the bosom of his council to be Minister of Agriculture. But that did not, as I remember, make much difference to our returns.

After the war, when food was short and expected to remain so for a long time, there was a policy of planned farming under the Agriculture Act of 1947 which guaranteed returns for that part of the nation's food which it was deemed necessary to grow domestically. The NFU, under the presidency of Mr James Turner, later Lord Netherthorpe, worked closely with the Minister of Agriculture of whatever party happened to be in power.

What few people realised at the time was that during this period, from about 1947 to 1955, food was short world-wide and the pricing agreements were essentially limiting the costs of food and not raising them. Without the mechanisms of the Agriculture Act, farmers could, had they been well enough organised, have used the shortages to screw up prices.

The testing time for the Act came when imported food once more became available and it had to be used to maintain prices and not limit them. To confine the guarantee in fact to "That part of the nation's food which was grown in the UK."

This was effected by limiting the guarantee to a standard quantity. If the quantity was exceeded for any product the effect was to reduce the average support payment proportionately.

In this period, which lasted until EC entry in 1973, farmers demonstrated their ability to counter falling prices by increasing their output. The gradual price reduction spurred an increase in productivity—a lesson which should be noted by those who seek to reduce EC output by price restraint alone.

During that time farmers returns were supported by deficiency payments which also ensured that the consumer had food at a low cost and held back the price levels reached by imports. This was in fact a return to the cheap food policy, which had a significant effect on the cost of living and which had been a major British aim since the repeal of the corn laws.

Of course farmers did not like the pressures of the price squeeze caused by the standard quantities, neither did the traditional food exporters to the UK who found their sales suffering under this competition. I do not believe, moreover, that the public appreciate how much the policy benefited them.

But now it seems cheap food is no longer an issue in Britain. Food no longer has the importance in the family budget that it had even in the 1930's. Food prices have increased rapidly since EC entry, and mainly because of that entry, yet there have been no angry demonstrations. The public seems more concerned with the ecology of the countryside, the preservation of hedges and wild flowers, than the cost of food or even of its provision.

But it is possible that because of budgetary problems the CAP will become much more subject to national policies. This is a recurrent nightmare for the European Commission, which would see it as a threat to the principle of a united Europe, and of course to Commission jobs.

Nor would such a move be welcomed by farmers or politicians—the former because they fear the effects of merciless monetarism, the latter because they would lose their excuse for doing nothing at all.

LONDON MARKETS

NEWS OF A sharp rise in London Metal Exchange warehouse stocks last week put LME nickel prices under further pressure yesterday. Values had edged higher initially but after the 1,146 tonnes rise to 6,006 tonnes was announced they suffered a sudden reversal, and despite steadying towards the close the cash position closed £92.50 down at £2,670 a tonne, taking the fall in the past week to £157.50 a tonne. Dealers said the stocks rise was believed to reflect an influx of Soviet metal. In contrast the LME aluminium market's early weakness was reversed by news of a 12,600 tonnes fall in warehouse stocks to 111,750 tonnes. But the rally was short-lived as dealers explained that the fall was no more than had been expected to result from scheduled shipments to Japan. By the close cash aluminium was quoted at £842 a tonne, down £9 on the day. Coffee values were boosted by Brazil's opening of June export registrations at higher minimum export prices, although the news had been expected. Trade talk that Brazil might be suffering an end-season shortage of quality coffee also encouraged buyers and the July futures quotation closed £17 up at £1,372.50 a tonne, despite running into late profit-taking.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	841-3	−9	844
3 months	845-5.5	−12.25	850/839

Official closing (am): Cash 843-4 (843.5-4), three months 847.5-8 (847.5-8), settlement 844 (844). Final kerb close: 838-9. Turnover: 14,800 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or −	High/Low
Cash	922-3	—	935/933
3 months	898.5-9	+1.5	910/898

Official closing (am): Cash 932-3 (920.5-1), three months 908-9 (896.5-7), settlement 933 (921). Final kerb close: 898.9).

Standard			
Cash	880-3	+5	—
3 months	872-3	−1	881/872

Official closing (am): cash 887-90 (878-80), three months 881-2 (875-6), settlement 890 (880). US Producer prices 71.50-76 cents per lb. Total turnover 38,975 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	440-3	−2	455
3 months	382-2.5	−1.25	382/382.5

Official closing (am): Cash 455-9 (435-7), three months 388.5-9 (384.5-5), settlement 449 (437). Final kerb close: 385-6. Turnover 15,150 tonnes. US spot: 24-35 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2665-75	−92.5	—
3 months	2680-5	−70	2785/2675

Official closing (am): Cash 2670-80 (2780.90). three months 2676-9 (2770-80). settlement 2680 (2790). Final kerb close : 2680-90. Turnover 1,014 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	505-6	+3	—
3 months	500-1	+3	505/496

Official closing (am): Cash 505-6 (505.5-6), three months 500-1 (502.5-3), settlement 506 (506). Final kerb close: 502-3. Turnover: 10,375 tonnes. US Prime Western: 41.50-45.75 cents per lb.

TIN

KUALA LUMPUR TIN MARKET: Close 16.67 (16.68) ringgit per kg. Down 0.01 ringgit per kg.

GOLD

Gold rose $6¼ to $473¾-474¼ on the London bullion market yesterday. It opened at $476½-477, and touched a peak of $477-477½. The metal was fixed at $476½ in the morning, boosted by the sharp rise in New York on Friday, following fears of rising US inflation after publication of the April US producer price index. News of the attack on a US frigate in the Gulf supported gold in early trading, but profit taking took the price down to $473¾ at the afternoon fixing, and to a low of $471½-472.

GOLD BULLION (fine ounce)	May 18	
Close	$473¾-474¼	(£281¼-281¾)
Opening	$476½-477	(£283¼-283¾)
M'n'g fix	$476.50	(£283.789)
Aft'n'n fix	$473.95	(£281.077)

GOLD AND PLATINUM COINS		
Am Eagle	$487-492	(£289¼-292¼)
Mapleleaf	$486-489	(£288¼-290¼)
Kr'g'r'nd	$478-481	(£283¾-285¾)
½ Krug	$249¼-250½	(£148¼-148¾)
¼ Krug	$125½-126½	(£74½-75¼)
Angel	$483-486	(£286¼-288½)
1/10 Angel	$47¾-53¾	(£28¼-31¼)
New Sov	$111½-112½	(£66¼-66¾)
Old Sov	$111½-113	(£66¼-67)
$ 20 Eagle	$500-560	(£297-326½)
Noble Plat	$651-661	(£386½-392½)

SILVER

Silver was fixed 32.25p an ounce higher for spot delivery in the London bullion market at 560.45p. US cent equivalents of the fixing levels were: spot 944.25c, up 57.55c; three-month 961.15c, up 59.35c; six-month 978.05c, up 60.85c; and 12-month $10.1145, up 83.8c. The metal opened at 567-571p (965-960c) and closed at 555-558p (935-940c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	560.45p	+32.2	567.5p	+25.5
3 months	572.30p	+33.0	566.5p	+25.5
6 months	583.40p	+33.6	—	—
12 months	604.45p	+36.6	—	—

LME—Turnover: 4 (7) lots of 10,000 oz.

Three months high/low 572p, final kerb 567-70p.

INDICES

REUTERS

May 18	May 15	M'th ago	Year ago
1631.	1626.1	—	1784.5

(Base: September 18 1931=100)

DOW JONES

Dow Jones	May 15	May 14	M'th ago	Year ago
Spot	132.47	130.49	—	128.01
Fut	132.64	131.05	—	130.84

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	May 18 1987	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1510/530	+5	$1490/470
Copper			
Cash Grade A	£922.5		£925
3 months	£898.75	+1.5	£881.5
Gold Troy oz	$474	+6.75	$439.25
Lead Cash	£441.5	−2	£357
3 months	£382.25	−1.25	£325.75
Nickel			
Free Mkt	264/224c	−8	178/198c
Palladium oz	$154.00	+2.25	$128.50
Platinum oz	$588.50	+6.50	$584.00
Quicksilver†	$265/275		$220/230
Silver troy oz	560.45p	+32.25	441.65p
3 months	572.30p	+33.00	452.00p
Tin			
free Mkt	£4080/120	−20	£4210/240
Tungsten	$46.93		$48.57
Wolfram 22.0lb	$50/55		$50/55
Zinc	£505.5	+3	£467.5
3 months	£505.5	+3	£487.75
producers	$790/840		$790
OILS			
Coconut (Phil)	$415u	−5	$407.5
Palm Malayan	$357.5v		$350
Seeds			
Copra (Phil)	$285u		$260
Soyabean (U.S.)	$152	−2	$140
GRAINS			
Barley Fut. Sept	£98.15	+0.35	£99.45
Maize	£149.00		£143.25
Wheat Fut. July	£122.00		£124.60
No. 2 Hard Wint	‡		‡
OTHERS			
Cocoa Ft. July	£1279.5	+8	£1335.5
Coffee Ft. July	£1372.5	+17	£1296
Cotton A Ind.*	77.10c	+0.85	56.75c
Gas Oil July	$154.5	−0.5	$142.75
Rubber (kilo)	62.5p	+0.5	61.5p
Sugar (raw)	$181.5z		$176
Wooltops 64s	461p kilo		421p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. w June-Aug. v July. u May-June. z June-July.

COFFEE

Robustas staged an early rallying ignoring the weekend news that the IBC had opened June registrations, reports Drexel Burnham Lambert. Trade price-fixing and commission house buying ran the market up easily with light overhead trade selling being absorbed. Quality overhead trade hedging recently seen was not apparent. Profit-taking and lack of further follow-through left the market in mid-range.

COFFEE	Yesterday's close	+ or −	Business Done
May	1350-1355	+24.0	1361-1339
July	1370-1375	+17.0	1389-1365
Sept	1384-1385	+18.0	1401-1380
Nov	1400-1405	+19.5	1417-1395
Jan	1410-1420	+8.5	1435-1419
Mar	1432-1440	+6.0	1450-1444
May	1450-1470	+10.0	1460

Sales: 3,255 (2,452) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for May 15: Comp. daily 1979 113.74 (112.80); 15-day average 110.97 (110.78).

COCOA

	Yesterday's close £ per tonne	+ or −	Business done
May	1256-1257	+4.5	1261-1255
July	1279-1280	+8.0	1284-1276
Sept	1289-1290	+9.0	1295-1287
Dec	1316-1317	+9.0	1323-1315
March	1345-1346	+9.0	1350-1344
May	1362-1364	+6.0	1366-1364
July	1382-1384	+4.5	1385-1380

Sales: 2,775 (4,010) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for May 18: 1598.15 (1584.27); 10-day average for May 18: 1605.31 (1606.24).

Following the buffer stock announcement of its intention to purchase 4,000 tonnes of cocoa, futures opened a little steadier and gained £15 at the high point of the day before easing slightly on a busy closing call, reports Gill and Duffus.

FREIGHT FUTURES

The morning saw generally depressed levels with very little volume registered. After the BFI was announced at one point down the market again slid further with little activity on the physical front to inspire traders to enter the market, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
July	1030	1050/1025	1047/1048
Oct.	1025	1030/1025	1035
Jan.	1015/1025	1030/1025	1025/1035
Apr.	1045	—	1045
July	870	—	900
Oct.	—	—	920
Jan.	900	—	920
April	1070	—	1090
BFI.	1100	—	1101

Turnover: 190 (448).

GRAINS

Old crop wheat and barley markets remained in a narrow range, trading within 5p of unchanged levels to close on a featureless trade. New crops saw speculative buying absorbing modest hedge selling to close on a steady note, reports T. G. Roddick.

	WHEAT		BARLEY	
Mnth	Yest'rdy's close	+ or −	Yest'rdy's close	+ or −
May	120.80	−0.05	106.50	—
July	122.00	—	—	—
Sep.	101.20	+0.10	98.15	+0.35
Nov.	103.30	+0.10	100.60	+0.20
Jan.	105.90	+0.15	103.00	+0.25
Mar.	108.50	−0.05	105.35	+0.20
May	111.20	+0.15	107.15	+0.26

Business done—Wheat: May 120.85-20.80, July 122.00-1.95, Sept 101.10, Nov 103.30-3.20, Jan 105.90-5.80, Mar untraded, May 111.20. Sales: 148 lots of 100 tonne. Barley: May 106.50, Sept 98.15-8.00, Nov 100.60-0.50, Jan 103.00-2.85, Mar 105.25, May untraded. Sales: 37 lots of 100 tonnes.

LONDON GRAINS—Wheat: US hard winter 13½ per cent, Jun/Jul 96.00, Aug 95.50. US no 2 soft red winter, Jun 94.25, July 94.00, Aug 93.75. French 11½-12 per cent, May 143.00. English feed fob, May 123.50-123.75, Sep 103.00-103.50, Oct/Dec 106.25-106.75, buyer/sellers. Maize: US no 3 yellow/French transshipment east coast May 149.00. Barley: English feed fob, Aug 100.00 seller, English, Oct/Dec 130.75 buyer, English, 104.50, seller English/Scottish.

HGCA — Locational ex-farm spot prices. Feed—Barley: N. East 107.90, Scotland 107.00. The UK monetary coefficient for the week beginning Monday, May 25 (based on HGCA calculations using four days' exchange rates) is expected to be unchanged.

POTATOES

The market was again quiet, opening £1.00 down on April in response to recent rains and in expectation that the crop is now almost completely planted in fair condition, 3-4 weeks ahead of last year, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov	90.30	91.50	91.50-90.20
Feb.	100.50	100.50	—
Apr.	123.90	124.20	125.00-123.50
May	137.60	140.00	—

Sales: 230 (332) lots of 40 tonnes.

RUBBER

PHYSICALS — The London market opened steadier, attracted little interest throughout the day and closed quiet and uncertain, reports Lewis and Peat. Closing prices (buyers): Spot 62.50p (62.00p); June 62.25p (61.75p); July 61.75p (61.25p). Kuala Lumpur fob price (Malaysian/Singapore cents) per kg: RSS No 1 235.0 (232.5): SMR 20 202.0 (200.0).

FUTURES—Index 585, June 583-586. July 583-586, July/Sept 583-588. Sales: Nil.

SOYABEAN MEAL

During a nervous session prices opened around unchanged levels on light commercial buying but then eased in early afternoon trading. A collapse in Chicago caused London to follow suit with stop-loss and professional selling the main features, reports Muirpace.

	Yesterd'ys close	+ or −	Business done
	£ per tonne		
June	126.5-127.8	−1.85	—
August	123.8-123.7	−2.45	126.0-123.6
October	124.5-124.8	−2.55	—
Dec	125.7-126.2	−2.55	128.5-127.8
Feb	128.5-129.5	−2.50	131.8
April	128.5-131.9	−2.25	—
June	128.5-131.8	−1.25	—

Sales: 127 (302) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $181.50 (£107.50), unchanged (down 50p) a tonne for June-July delivery. White sugar $196.50, up $2.00.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug	158.0-159.4	165.2-165.8	164.0-158.0
Oct	165.8-167.0	168.4-169.8	170.4-165.8
Dec	169.8-170.8	172.0-175.8	—
Mar	174.2-174.4	177.2-177.4	178.4-178.0
May	174.2-178.0	180.0-181.8	181.4
Aug	180.0-182.4	184.0-185.8	—
Oct	182.4-183.2	183.0-184.8	186.0-185.0

Sales: 2,577 (4,813) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £212.00 (£212.50 a tonne for export.

International Sugar Agreement—US cents per pound fob and stowed Caribbean ports. Prices for May 15: Daily price 7.04 (6.87). 15-day average 6.81 (6.78).

PARIS—(FFr per tonne): Aug 1159-1160, Oct 1190-1195, Dec 1205-1220, Mar 1238-1250, May 1270-1290, Aug 1310-1325.

COTTON

LIVERPOOL—Spot and shipment sales for the week commencing May 11 amounted to 397 tonnes against 3,163 tonnes in the previous week. Slow trading involved American, Israeli, Russian, Spanish, Pakistani and West African growths.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 100.05p per kg lw (+2.21). GB—Sheep 262.87p per kg est dcw (−1.70). GB—Pigs 81.35p per kg lw (+4.55).

FUTURES—Pigs: Oct 100.50, Nov 101.80, sales 20.

US MARKETS

PRECIOUS METALS all opened steady, as expected, on mixed commission house and local buying, reports Drexel Burnham Lambert. However, trade selling at the highs coupled with local profit-taking prompted a sell-off which touched off stops on the way to the lows before short-covering towards the close rallied prices as the markets closed with pared losses. Copper futures held steady in early trading on commission house buying.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
May	70.00	71.00	71.00	71.00
June	67.75	69.75	—	—
July	66.80	69.00	68.85	66.50
Sept	65.80	67.20	67.00	66.50
Dec	65.10	66.30	66.00	65.50
Jan	65.10	66.30	—	—
March	65.10	66.30	—	—
May	65.10	66.30	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
July	1978	1978	1985	1975
Sept	2005	2007	2022	2005
Dec	2042	2047	2060	2038
March	2073	2071	2083	2075
May	2099	2098	2112	2107
July	2122	2123	—	—
Sept	2147	2148	—	—

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
May	66.45	66.80	66.45	66.30
June	65.95	66.35	—	—
July	65.45	67.30	65.55	64.70
Sept	64.55	66.95	67.55	63.80
Dec	64.70	67.15	67.70	64.20
Jan	64.80	67.30	—	—
March	64.95	67.45	67.80	64.80
May	65.25	67.75	66.35	65.50
July	65.55	68.05	66.85	65.60
Sept	65.85	68.35	—	—

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
July	69.82	70.96	70.75	69.50
Oct	68.86	70.62	70.10	69.15
Dec	69.07	69.96	69.86	68.95
March	69.80	70.73	70.35	69.35
May	70.27	71.30	71.00	70.05
July	70.40	71.30	71.00	71.00
Oct	67.60	66.90	—	—

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
June	19.85	19.80	19.95	19.80
July	19.24	19.32	19.45	19.21
August	18.93	19.05	19.15	18.92
Sept	18.78	18.93	19.05	18.80
Oct	18.76	18.85	19.00	18.74
Nov	18.75	18.80	18.95	18.75
Dec	18.70	18.76	18.94	18.72
Jan	18.70	18.72	18.77	18.72
Feb	18.70	18.68	18.80	18.80

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
May	471.5	474.8	475.0	474.0
June	472.8	476.2	477.8	468.5
July	475.6	479.0	—	—
August	478.4	481.9	483.0	474.0
Oct	484.1	487.6	488.7	480.5
Dec	490.0	493.5	495.5	486.5
Feb	496.4	499.9	501.5	491.0
April	502.6	506.1	507.5	501.0
June	509.2	512.7	513.5	508.5
Oct	523.0	526.5	523.5	523.5
Dec	530.0	533.5	534.0	531.3
Feb	537.1	540.6	—	—

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
June	51.80	51.89	52.30	51.50
July	51.25	51.55	51.90	51.70
August	51.20	51.51	51.80	51.00
Sept	51.90	52.10	52.15	51.70
Oct	52.50	52.70	52.90	52.45
Nov	53.30	53.35	53.50	53.30
Dec	54.00	53.85	54.30	54.00

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
July	129.80	129.50	130.30	129.50
Sept	128.55	128.50	127.25	128.40
Nov	125.60	125.80	126.00	125.30
Jan	125.85	125.10	125.75	125.60
March	125.65	125.20	125.90	125.75
May	125.65	125.20	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
June	621.4	627.6	—	—
July	622.4	630.1	635.5	616.5
Oct	629.4	636.9	641.5	624.5
Jan	636.9	643.9	649.0	634.5
April	644.4	650.9	657.0	646.0
July	651.9	658.4	659.0	659.0

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
May	904.6	941.0	947.0	931.0
June	907.0	944.8	949.0	911.0
July	913.0	950.0	962.0	901.0
Sept	924.5	948.2	973.0	910.0
Dec	944.0	966.0	990.0	936.0
Jan	961.9	972.0	980.0	980.0
March	963.6	993.9	1010.0	960.0
May	977.2	998.8	1010.0	1004.0
July	991.2	1010.2	1027.0	1021.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
July	7.53	7.34	7.53	7.62
Sept	7.28	7.46	7.46	7.38
Oct	7.37	7.64	7.62	7.38
Jan	7.58	7.83	—	—
March	7.61	8.02	7.88	7.76
May	7.98	8.18	7.98	7.98
July	8.12	8.28	8.22	8.12
Oct	8.24	8.39	8.39	8.32

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
June	66.85	66.65	67.40	66.65
August	61.82	61.55	62.35	61.60
Oct	61.47	60.92	61.75	61.20
Dec	62.72	62.10	62.80	62.30
Feb	62.75	62.10	62.80	62.30
April	63.95	63.20	63.95	63.30
June	63.50	62.90	63.80	63.50

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
June	56.32	55.75	56.66	45.75
July	51.67	52.00	52.07	51.40
August	48.00	48.17	48.35	47.65
Oct	43.50	43.52	43.87	43.07
Dec	43.17	43.20	43.20	42.80
Feb	42.15	42.30	42.40	42.07
April	39.97	40.00	40.30	39.70
June	41.90	41.90	41.90	41.90
July	41.25	41.25	—	—

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	Prev	High	Low
May	180.6	189.4	185.4	179.2
July	186.6	196.6	191.0	186.6
Sept	189.6	199.6	193.6	189.6
Dec	197.4	207.4	200.4	197.4
March	203.6	213.6	206.4	203.6
May	206.0	216.0	209.0	206.0
July	207.0	217.0	210.0	207.0

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
May	71.75	71.92	71.90	70.70
July	69.15	68.92	69.40	67.95
August	66.07	64.65	66.20	63.90
Feb	57.60	57.35	57.90	57.05
March	57.05	57.05	57.60	57.05
May	58.65	58.40	58.65	—

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
May	542.4	573.2	562.0	540.0
July	551.0	581.0	565.0	551.0
August	556.6	586.6	570.0	556.6
Sept	558.6	586.6	571.0	558.6
Nov	569.0	599.0	580.0	569.0
Jan	578.4	608.4	586.0	578.4
March	588.0	618.0	599.4	588.0
May	595.4	625.4	602.0	595.4
July	596.0	626.0	603.0	596.0

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
May	165.0	175.7	170.0	164.8
July	164.6	174.6	169.0	164.6
August	166.2	176.2	170.0	166.2
Sept	168.0	178.0	172.0	168.0
Oct	169.7	179.7	174.0	169.7
Dec	172.0	182.0	176.0	172.0
Jan	173.7	183.7	176.0	173.7
March	178.0	188.0	180.0	178.0
May	178.0	188.0	180.0	178.0
July	178.5	188.5	180.0	178.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
May	16.25	17.24	16.72	16.22
July	16.46	17.46	17.20	16.46
August	16.65	17.61	17.22	16.62
Sept	16.87	17.86	17.42	16.85
Oct	17.06	18.00	17.58	17.06
Dec	17.35	18.33	17.92	17.35
Jan	17.48	18.40	18.05	17.48
March	17.75	18.75	18.25	17.75
May	18.15	19.10	18.35	18.15
July	18.15	19.15	18.60	18.15

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
May	298.0	305.0	301.0	295.0
July	287.4	301.0	298.0	284.0
Sept	290.6	303.6	297.0	287.0
Dec	294.6	309.2	307.0	295.4
March	298.0	310.4	304.0	295.4
May	290.0	305.4	301.0	290.0

SPOT PRICES: Chicago loose lard 15.00 (same) cents per pound. Handy and Harman silver bullion 937.0 (909.0) cents per troy ounce. New York tin 318-22 (318-23) cents per pound.

OIL

Brent opened 5-10c up on Friday's US close and traded sparsely at these levels. WTI opened 10c up on Nymex and traded 6c up 1.30 EDT. The petroleum products were quiet with traders unwilling to trade due to uncertainty as to market direction. Naptha was weak on good availability. —Petroleum Argus, London.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—June		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.80-17.88*	+0.10
Brent Blend	18.95-19.05	+0.05
W.T.I. (1pm est)	19.85-19.90	+0.125
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	202-205	—
Gas Oil	154-156	—
Heavy fuel Oil	109-112	—
Naphtha	171-173	−1

* July

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yestrdy's close	+ or −	Business Done
	US$ per tonne		
June	154.50	−1.00	156.50-54.25
July	154.50	−0.50	155.75-54.25
Aug	156.25	+0.25	156.75-55.50
Sept	157.00	−0.50	157.75-57.00
Oct	159.25	−0.25	159.25

Turnover: 1,071 (1,901) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday close	+ or −	Business Done
	US $ per tonne		
June	107.00	+1.00	107.00
July	106.00	+1.00	106.00

Turnover: 10 (14) lots of 100 tonnes.

TEA

At the London tea auction there were 32,038 packages on offer including 4,660 packages in the offshore section, reports the Tea Brokers' Association. There was a better general demand. Coloury Assams were very irregular and sometimes lost ground but lesser mediums came in for increased competition at last week's levels. Bangladesh teas also sold more readily. Best liquoring East Africans ruled fully firm with dusts a strong feature, often 5-10p higher, while mediums closed several pence lower. Central Africans lost 2-4p with plainer types difficult of sale. Ceylons opened to a good demand for brighter teas dearer but prices tended lower by the close. Offshore teas met better inquiry with prices about steady. Quality 140p a kg (140p); medium 103p a kg (103p); low medium 63p a kg (63p).

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar soft, pound firm

THE DOLLAR had a soft tone, but there was no strong incentive to sell the currency, and it finished around the highest level of the day, ahead of today's US Federal Open Market Committee meeting. Upward pressure on US interest rates, signs of a weak economy and fears about inflation, led to speculation about a rise in the US discount rate from 5.5 per cent.

An increase of ¼ point to 8¼ per cent in US bank prime rates on Friday lent support to the dollar, but this was more than offset by other factors.

The sharp rise of 0.7 per cent in April US producer prices, compared with 0.4 per cent in March, suggested a build up in inflationary pressure, while the market was also disappointed with the fall of 0.4 per cent in April US industrial production announced Friday. Signs of sluggish economic growth were underlined yesterday by a fall in April US industrial capacity use to 78.9 per cent, from 79.3 in March.

The dollar fell slightly to DM 1.7780 from DM 1.7790; to SFr 1.4600 from SFr 1.4610; and to FFr 5.9425 from FFr 5.9475, but rose to Y139.95 from Y139.80.

On Bank of England figures the dollar's index rose 0.1 to 99.9.

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. April average 1.6316. Exchange rate index rose 0.2 to 73.8, compared with 68.2 six months ago.

Sterling was firm, remaining an attractive alternative to the nervous dollar. Dealers also noted that the sharp rise of 3.8 per cent in April UK retail sales, at least double the expected figure, and compared with a fall of 1.2 per cent in March, may have discouraged the Bank of England from allowing a large cut in UK bank base rates, for fear of boosting imports and overheating the economy. The weekend public opinion polls were generally regarded as favourable for the Conservatives, and also helped support the pound.

Sterling rose 55 points to $1.6835-1.6845. It also improved to DM 2.9950 from DM 2.9850; to FFr 10.0050 from FFr 9.9825; to SFr 2.4575 from SFr 2.4525; and to Y235.75 from Y234.50.

D-MARK—Trading range against the dollar in 1986 is 1.9305 to 1.7690. April average 1.8112. Exchange rate index 147.4 against 142.6 six months ago.

Trading was very quiet in Frankfurt, with dealers looking towards a weakening of the dollar, on fundamental grounds, but expecting strong technical support at DM 1.75. The Bundesbank did no intervene at the Frankfurt fixing, when the dollar was fixed at DM 1.7752, compared with DM 1.7829 on Friday.

Sterling was fixed little changed at DM 2.9900, against DM 2.99010 previously, and EMS currencies were quite, with the strongest member, the Danish kroner fixed unchanged at DKr 26.595 per 100 kroner and the weakest placed Italian lira unchanged at DM 1.3795 per 1,000 lira.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. April average 142.88. Exchange rate index 225.8 against 205.4 six months ago.

The yen was little changed against the dollar in Tokyo, as traders remained wary of putting downward pressure on the US currency, following last week's request from the Japanese Finance Ministry for Japanese financial institutions to refrain from speculation against the dollar.

The dollar closed at Y139.40, compared with Y139.35 on Friday, in nervous trading ahead of today's US Federal Open Market committee meeting, amid suggestions of an early rise in the US discount rate, after Friday's disappointing US producer price index and the increase in bank prime rates.

£ IN NEW YORK

May 18	Latest	Previous Close
£ Spot	1.6840-1.6850	1.6800-1.6810
1 month	0.18-0.17 pm	0.22-0.20 pm
3 months	0.46-0.43 pm	0.57-0.54 pm
12 months	1.00-0.95 pm	1.23-1.15 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0757	+1.45	+0.75	±1.5344
Danish Krone	7.85212	7.81362	−0.49	−1.19	±1.6404
German D-Mark	2.05853	2.07695	+0.89	+0.19	±1.0981
French Franc	6.90403	6.93580	+0.46	−0.24	±1.3674
Dutch Guilder	2.31943	2.34141	+0.95	+0.25	±1.5012
Irish Punt	0.768411	0.776664	+1.07	+0.37	±1.6684
Italian Lira	1483.58	1504.30	+1.40	+1.26	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

May 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6795-1.6855	1.6835-1.6845	0.19-0.16c pm	1.25	0.47-0.42 pm	1.06
Canada	2.2540-2.2615	2.2580-2.2590	0.16-0.06c pm	0.58	0.15-0.02 pm	0.15
Netherlands	3.36-3.38	3.37-3.38	1⅛-⅞c pm	3.78	3⅛-2⅞ pm	3.56
Belgium	61.85-62.11	62.00-62.10	13-6c pm	1.84	31-20 c pm	1.64
Denmark	11.22-11.28½	11.24¾-11.25¾	1⅛-1⅞ore dis	−1.67	3⅞-4½dis	−1.44
Ireland	1.1168-1.12	1.1175-1.1185	0.15-0.24 p dis	−2.09	0.39-0.63 dis	−1.82

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

FINANCIAL FUTURES

Gilts lose ground

GILT PRICES were weaker in the London International Financial Futures Exchange yesterday despite a firmer pound. Sterling's strength, lower interest rates and a Conservative victory at the general election have all been discounted in the prices to a greater extent and with the prospect of the next three weeks offering very little in the way of fresh factors, traders were faced with overbought positions and a lack of upward momentum.

Overseas interest in gilts was conspicuous by its absence and with the day's trend established within the first fifteen minutes of trading, so prices tended to trade towards the lower end of the day's range for much of the time.

The June price opened at 126-01 and touched a high of 126-04 before slipping away to 125-18. It closed at 125-24 down from 126-09 on Friday.

Three-month sterling deposit futures were slightly firmer on the other hand as speculators tried to assess how much more interest rates were likely to fall in the short term. The June price opened at 91.31 and touched a high of 91.39 before closing at 91.37, up from 91.32.

US Treasury bonds were weaker, and threatened some fairly important support levels as concern mounted about the possibility of higher US interest rates. This took a step nearer reality as the market continued to push the dollar weaker on disappointing economic data. In addition there were a number of traders long positions which added to the nervous tone.

The June touched a low of 88-10 from an opening of 88-18 and although it recovered to finish at 88-24, this was still well down from Friday's close of 89-22.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
120	5.48	6.41	0.00	1.03
122	3.48	5.13	0.00	1.39
124	1.52	3.62	0.04	2.24
126	0.25	2.58	0.41	3.20
128	0.04	2.03	2.20	4.29
130	0.01	1.27	4.17	5.53
132	0.00	1.01	6.16	7.27
134	0.00	0.42	8.16	9.04

Estimated volume total, Calls 2,266 Puts 1216
Previous day's open int: Calls 27,607 Puts 16,671

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
82	6.51	7.09	0.61	2.13
84	5.22	.58	1.32	2.26
86	4.06	4.52	2.16	3.56
88	2.55	3.34	3.01	4.38
90	1.56	2.47	4.02	5.51
92	1.11	2.05	5.21	7.09
94	0.52	1.36	6.62	8.40
96	0.32	—	8.42	—

Estimated volume total, Calls 75 Puts 100
Previous day's open int: Calls 90 Puts 209

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last May	Calls-Last June	Puts-Last May	Puts-Last June
20750	13.00	13.94	0.00	0.94
21000	10.51	11.89	0.01	1.39
21250	8.04	9.99	0.04	1.99
21500	5.66	8.260	0.16	2.76
21750	3.55	6.71	0.55	3.71
22000	1.90	5.35	1.40	4.85
22250	0.84	4.19	2.84	6.19
22500	0.29	3.21	4.79	7.71

Estimated volume total, Calls 16 Puts 20
Previous day's open int: Calls 262 Puts 352

LIFFE £/$ OPTIONS

LONDON SE £/$ OPTIONS

PHILADELPHIA SE £/$ OPTIONS

LIFFE—EURODOLLAR OPTIONS

LONDON

CHICAGO

SWISS FRANC (IMM)

SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
June	0.6879	0.6892	0.6877	0.6887
Sep.	0.6938	0.6953	0.6938	0.6948
Dec.	0.7010	0.7025	0.7008	0.7010
Mar.	0.7070	0.7070	—	0.7065

STANDARD & POORS 500 INDEX

$500 times index

	Latest	High	Low	Prev.
June	286.10	287.20	285.50	287.35
Sept.	288.50	289.35	287.80	289.75
Dec.	290.80	291.80	290.30	291.95
Mar.	—	—	292.50	293.95

MONEY MARKETS

UK rates show little change

INTEREST RATES were barely changed in the London money market yesterday. Short-term rates remained easy, reflecting the relatively comfortable supply of liquidity while longer-term rates edged 1/16 of a point firmer where changed, producing a more pronounced true yield curve.

Prospects for another cut in base rates remained uncertain. Traders were convinced that the authorities would try and keep rates steady in the run-up to the general election but at the same time sterling's continuing strength and the depressing effect of Bank of England intervention on short-term rates tended to keep alive hopes of an early cut.

UK clearing bank base lending rate 9 per cent since May 8

Three-month interbank money was quoted at 8¾-8⅝ per cent from 8⅞-8¾ per cent while the one-year rate rose to 8⅞-8¾ per cent from 8¾-8⅝ per cent.

Overnight money opened at 8 1/16-8 per cent and touched a high of 9 1/16 per cent before closing at 9 per cent.

The Bank of England forecast a shortage of around £100m with factors affecting the market including the repayment of any late assistance and bills mating in official hands together with a take up of Treasury bills draining £682m and banks' balances brought forward £80m below target. These were partly offset by Exchequer transactions which added £310m and a fall in the note circulation of £360m.

There was no intervention by the Bank during the morning. In the afternoon it provided nominal outright assistance through purchases of £5m of Treasury bills in band 1 at 8⅞ per cent and late assistance of £30m.

In Frankfurt call money remained in good supply and dealers were fairly confident that the Bundesbank would announce another sale and repurchase tender to replace a previous facility maturing on Wednesday. This will drain DM6bn from the system and while commercial banks are comfortably placed to meet their monthly minimum reserve requirements, funds may become scarce later in the month as banks have to meet pension payments.

Dealers were not entirely agreed on wheher the authorities would fix the rate of interest or would employ the same method as last week when funds were provided at a lower rate of 3.55 per cent on a minimum acceptable rate of 3.5 per cent. This was down from a previous fixed rate of 3.80 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 18) 3 months U.S. dollars		6 months U.S. dollars	
bid 7 7/16	offer 7 9/16	bid 7 11/16	offer 7 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	8¼
Broker loan rate	8
Fed. funds	6¾
Fed funds at intervention	6⅞

Treasury Bills and Bonds

One month	4.95	Three year	8.23
Two month	5.55	Four year	8.40
Three month	6.07	Five year	8.49
Six month	6.55	Seven year	8.68
One year	7.23	10 year	8.83
Two year	7.97	30 year	8.96

May 18	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.55-3.65	3.65-3.75	3.65-3.75	3.65-3.75	3.65-3.80	5.0
Paris	8¼-8⅜	8¼-8⅜	8¼-8⅜	8¼-8⅜	8⅜-8½	7¾
Zurich	7⅞-7 15/16	8-8⅛	—	8⅛-8¼	—	—
Amsterdam	5-5⅛	5-5⅛	—	5-5⅛	—	—
Tokyo	3.09375	3.78125	—	3.71875	—	—
Milan	9⅞-10⅛	10⅛-10⅜	—	10¼-10⅝	—	—
Brussels	5.65	7⅛-7¼	—	7⅛-7¼	—	—
Dublin	11¾-12	11 11/16-11 13/16	11¼-11½	11¼-11½	10¾-11	—

LONDON MONEY RATES

Company Notices

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on May 18, 1987. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cb) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.20
Albania	Lek	10.2123
Algeria	Dinar	7.7969
Andorra	French Franc / Spanish Peseta	10.0075 / 209.80
Angola	Kwanza	46.387
Antigua	E. Caribbean $	4.55
Argentina	Austral	2.6665
Ghana	Cedi	267.3585
Gibraltar	Gibraltar £	1.0
Greece	Drachma	223.73
Greenland	Danish Krone	11.2525
Grenada	E. Caribbean $	4.55
Guadaloupe	Local Franc	10.0075
Guam	U.S. $	1.6840
Panama	Balboa	1.6840
Papua New Guinea	Kina	1.4805
Paraguay	Guarani	539.04 (10) / 1192.35
Peru	Intl	(exc(o)24.55 / (F) 38.50 / (Fn) 30.68
Philippines	Philippine Peso	34.00

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY MAY 15 1987					THURSDAY MAY 14 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index *	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	138.93	+0.2	122.71	129.06	2.75	138.58	122.43	129.32	138.93	99.92	90.46
Austria (16)	90.41	+0.8	79.86	83.57	2.24	89.69	79.24	83.23	101.62	89.69	89.08
Belgium (47)	123.62	+1.0	109.19	112.79	4.19	122.33	108.08	112.38	123.62	96.19	81.48
Canada (131)	130.06	−0.8	114.88	126.20	2.37	131.09	115.82	127.06	136.17	100.00	99.17
Denmark (39)	118.39	+0.3	104.57	107.88	2.46	117.99	104.24	107.88	124.10	98.18	97.74
France (122)	115.38	−3.5	101.91	107.64	2.57	119.51	105.58	111.78	121.82	98.39	94.20
West Germany (90)	93.07	−1.0	82.20	86.36	2.16	94.02	83.06	87.35	100.33	84.00	82.94
Hong Kong (45)	108.98	+0.5	96.26	109.15	3.02	108.42	95.79	108.63	114.71	96.89	71.28
Ireland (14)	131.80	+0.1	116.42	123.64	3.47	131.65	116.31	123.92	131.80	99.50	87.59
Italy (76)	103.75	−0.8	91.64	99.72	1.65	104.61	92.42	101.02	112.11	94.76	102.22
Japan (458)	159.91	+0.2	141.25	141.31	0.47	159.53	140.94	140.67	161.28	100.00	73.90
Malaysia (36)	163.06	+1.0	144.03	155.04	2.44	161.37	142.57	153.46	163.06	98.24	68.42
Mexico (14)	170.46	+2.4	150.56	228.49	0.96	166.45	147.06	222.58	197.27	99.72	50.30
Netherland (38)	119.06	−0.3	105.16	109.01	4.05	119.38	105.47	109.71	119.38	99.65	83.21
New Zealand (27)	93.09	−0.2	82.22	85.52	3.16	93.27	82.40	85.76	100.59	83.93	63.87
Norway (24)	137.82	+3.2	121.74	123.89	2.02	133.54	117.98	120.53	139.79	100.00	90.80
Singapore (27)	136.09	+1.1	120.20	132.90	1.78	134.62	118.93	131.57	136.09	99.29	60.03
South Africa (61)	176.33	+1.4	155.75	124.35	3.20	173.94	153.67	122.66	186.74	100.00	92.60
Spain (43)	112.10	+0.5	99.01	105.73	3.84	111.51	98.52	105.73	121.31	100.00	90.29
Sweden (33)	117.34	−0.4	103.64	108.17	2.13	117.84	104.11	108.99	124.68	90.85	90.22
Switzerland (51)	99.46	−0.5	87.85	90.08	1.90	100.00	88.35	91.07	104.06	93.26	82.97
United Kingdom (339)	146.71	+0.5	129.58	129.58	3.21	145.98	128.96	128.96	146.71	99.65	96.05
USA (596)	117.63	−2.2	103.90	117.63	3.07	120.32	106.30	120.32	124.06	100.00	97.73
Europe (932)	121.22	−0.3	107.07	110.15	2.86	121.61	107.44	110.71	121.61	99.78	91.42
Pacific Basin (687)	157.22	+0.2	138.87	139.66	0.61	156.83	138.56	139.06	158.30	100.00	74.30
Euro—Pacific (1619)	142.86	+0.1	126.19	127.90	1.37	142.78	126.15	127.76	143.22	100.00	81.05
North America (727)	118.29	−2.2	104.48	118.11	3.03	120.89	106.80	120.70	124.60	100.00	97.81
World Ex. US (1825)	142.78	+0.0	126.12	130.22	1.43	142.72	126.09	130.20	143.09	100.00	81.78
World Ex. UK (2082)	131.60	−0.9	116.24	123.74	1.86	132.79	117.31	124.79	133.33	100.00	87.27
World Ex. So. Af. (2360)	132.67	−0.8	117.19	124.24	1.98	133.70	118.12	125.16	133.85	100.00	87.98
World Ex. Japan (1963)	120.14	−1.4	106.12	115.72	2.96	121.81	107.62	117.41	121.81	100.00	94.77
The World Index (2421)	132.95	−0.8	117.43	124.27	1.99	133.96	118.35	125.17	134.11	100.00	88.01

Base values: Dec 31, 1986 = 100

Latest prices unavailable for this edition.

Amendments to indices for May 13 applied to the following: Australia, Pacific Basin, Euro-Pacific, World-Ex US, World-Ex UK, World-Ex South Africa, World-Ex Japan and the World Index.

EUROPEAN OPTIONS EXCHANGE

Series		Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Feb 87 Vol.	Feb 87 Last	Stock
GOLD C	$400	36	80	—	—	—	—	$471.70
GOLD C	$420	125	62A	2	74	37	84	"
GOLD C	$440	106	48	25	60.50	—	—	"
GOLD C	$460	119	34	95	48	—	—	"
GOLD C	$480	124	23	625	37A	—	—	"
GOLD C	$500	136	17	58	29	3	36	"
GOLD C	$520	55	10.50A	492	23A	—	—	"
GOLD P	$360	100	0.30	—	—	—	—	"
GOLD P	$400	200	1	—	—	—	—	"
GOLD P	$420	67	3.20	329	6	—	—	"
GOLD P	$440	520	5.50	68	9.60B	—	—	"
GOLD P	$460	371	10	16	17B	—	—	"
GOLD P	$480	267	20	—	—	—	—	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$1000	78	55	41	120	41	140A	$939
£/Fl C	Fl.335	—	—	23	4.70B	—	—	Fl.337.52
£/Fl C	Fl.340	22	1.40	12	2.80B	4	4.30	"
£/Fl P	Fl.325	—	—	35	2.50	2	5.80	"
£/Fl P	Fl.340	25	5.30	40	9.80	—	—	"
		Jun 87		Jul 87		Aug 87		
$/Fl C	Fl.200	170	2.50	10	3.20B	—	—	Fl.200.37
$/Fl C	Fl.205	28	0.80B	172	1.60	25	2	"
$/Fl C	Fl.210	3	0.10	—	—	—	—	"
$/Fl C	Fl.220	183	0.10	—	—	—	—	"
$/Fl C	Fl.225	41	0.10	—	—	—	—	"
$/Fl P	Fl.195	6	1	—	—	—	—	"
$/Fl P	Fl.200	19	2.60	5	4.10	—	—	"
$/Fl P	Fl.210	22	10.30	—	—	—	—	"
		Sep 87		Dec 87		Mar 88		
$/Fl C	Fl.200	6	4.80	17	5.90	11	7.30	Fl.200.37
$/Fl C	Fl.205	127	2.50	2	4.10	—	—	"
$/Fl C	Fl.210	202	1.20B	306	2.50	—	—	"
$/Fl C	Fl.220	2	0.70	27	1.20	—	—	"
$/Fl P	Fl.195	—	—	100	6	—	—	"
$/Fl P	Fl.200	20	6.20	100	8.70A	—	—	"
$/Fl P	Fl.210	10	12.70	—	—	—	—	"

		July 87		Oct 87		Jan 88		
ABN C	Fl.500	418	11.50	106	20	8	29	Fl485
ABN P	Fl.460	85	4A	14	11.50	1	16.50A	"
AEGON C	Fl.90	102	3.50	15	5	—	—	Fl.91
AEGON P	Fl.90	57	3.80	9	4.50	—	—	"
AHOLD C	Fl.110	68	1.10	1	3	—	—	Fl.101.80
AHOLD P	Fl.100	302	2.50	4	4	—	—	"
AKZO C	Fl.130	416	6	60	10.50	1	12.70	Fl.131.90
AKZO P	Fl.130	155	3	55	4.80	2	6.50A	"
AMEV C	Fl.65	4	1.10B	23	2.60	10	4	Fl.61.60
AMEV P	Fl.55	—	—	3	1.70	20	2.80	"
AMRO C	Fl.80	146	1.50	2	3	2	5.20	Fl.76.30
AMRO P	Fl.80	11	4.40	40	6.50	1	6.80	"
ELSEVIER C	Fl.52	33	1.30	21	2.60	—	—	Fl.50
ELSEVIER P	Fl.50	37	2	5	2.50	—	—	"
GIST-BROC C	Fl.45	141	1.40	39	2.50	8	3.50	Fl.43.10
GIST-BROC P	Fl.45	78	2.80	72	3.50	—	—	"
HEINEKEN C	Fl.190	43	2	13	3.90A	—	—	Fl.175.80
HEINEKEN P	Fl.170	31	2.10	76	4.50	—	—	"
HOOGOVENS C	Fl.40	494	2.50	42	4.30	14	5.90	Fl.41.70
HOOGOVENS P	Fl.35	160	0.80	5	1.40	—	—	"
KLM C	Fl.50	586	1.30	1878	2.50	201	3.50	Fl.46.90
KLM P	Fl.45	70	1.20A	376	2.50	93	3.30	"
NED. LLOYD C	Fl.150	67	2.80	19	4.10	—	—	Fl.143.10
NED. LLOYD P	Fl.150	55	14.30	4	16	—	—	"
NAT. NED. C	Fl.70	109	2.90B	322	4.50	6	6.10A	Fl.70
NAT. NED. P	Fl.70	13	2.20	27	3.50	10	4.50	"
PHILIPS C	Fl.50	689	1.60	144	3.20	137	4.10	Fl.48
PHILIPS P	Fl.50	108	2.90	89	3.60	100	4.30	"
ROYAL DUTCH C	Fl.270	1314	4	322	7	76	9.50	Fl.259.50
ROYAL DUTCH P	Fl.250	729	3.60	85	6.70A	23	10	"
UNILEVER C	Fl.620	2098	23.40	259	34	43	40.40	Fl.633.50
UNILEVER P	Fl.520	2031	1	13	2.50A	—	—	"

TOTAL VOLUME IN CONTRACTS: 40,266

A=Ask B=Bid C=Call P=Put

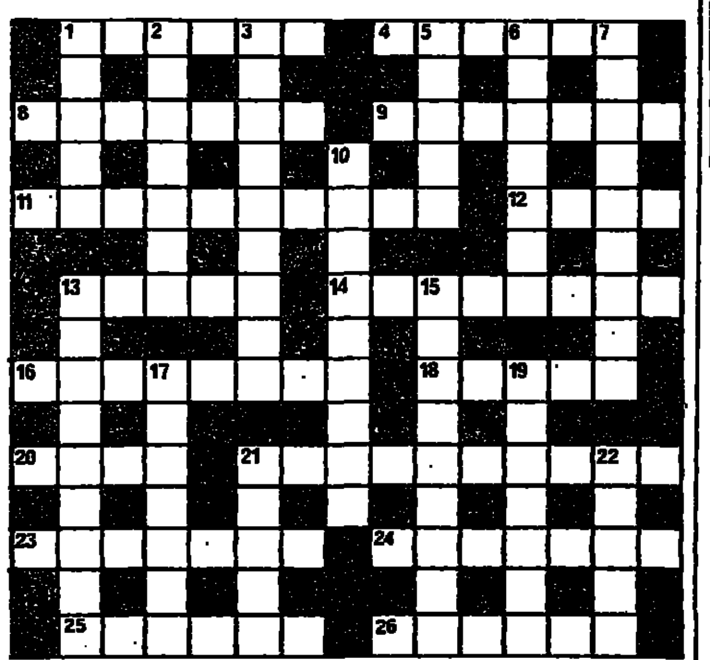
BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	● Morgan Grenfell	9
Adam & Company	9	Citibank NA	9	Mot Credit Corp. Ltd.	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Nat. Bk. of Kuwait	9
Allied Dunbar & Co	9	Clydesdale Bank	9	NatWestminster	9
Allied Irish Bank	9	Comm. Bk. N. East	9	Northern Bank Ltd	9
American Exp. Bk	9	Consolidated Cred	9	† Norwich Gen. Trust	9
Amro Bank	9	Co-operative Bank	*9	PK Finans. Intl (UK)	10
Henry Ansbacher	9	Cyprus Popular Bk	9	Provincial Trust Ltd	11
ANZ Banking Group	9	Duncan Lawrie	9	R. Raphael & Sons	9
Associates Cap Corp	9	E. T. Trust	11	Roxburghe G'rantee	10½
Authority & Co Ltd	9	Equat'r'l TstC'p plc	9½	Royal Bk of Scotland	9
Banco de Bilbao	9	Exeter Trust Ltd	9½	Royal Trust Bank	9
Bank Hapoalim	9	Financial & Gen. Sec	9	Smith & Williamson Secs	9
Bank Leumi (UK)	9	First Nat. Fin. Corp	10½	Standard Chartered	9
Bank Credit & Comm	9	First Nat. Sec. Ltd	10½	Trustee Savings Bnk	9
Bank of Cyprus	9	● Robert Fleming & Co	9	UDT Mortgage Exp	¶11.1
Bank of Ireland	9	Robert Fraser & Ptrs	10	United Bk of Kuwait	9
Bank of India	9	Girobank	9	United Mizrahi Bank	9
Bank of Scotland	9	Grindlays Bank	‡9	Unity Trust PLC	9
Banque Belge Ltd	9	● Guinness Mahon	9	Westpac Bank Corp	9
Barclays Bank	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Benchmark Tst Ltd	9	● Hambro Bank	9	Yorkshire Bank	9
Beneficial Trust Ltd	10½	Heritable & Gen. Tst	9		
Berliner Bank AG	9	● Hill Samuel	§9		
Brit Bk of Mid East	9	C. Hoare & Co	9		
● Brown Shipley	9	Hongkong & Shangh	9		
Business Mtge Tst	9½	Lloyds Bank	9		
CL Bank Nederland	9	Mase Westpac Ltd	9		
Canada Permanent	9	Meghraj & Sons Ltd	9		
Cayzer Ltd	9	Midland Bank	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Savewise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.25%.

FT CROSSWORD PUZZLE No. 6,330

TANTALUS



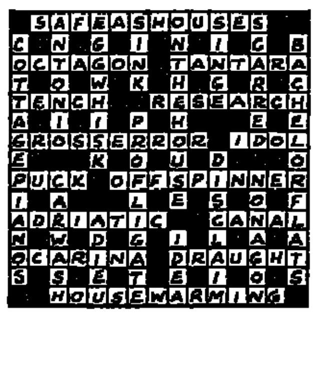
ACROSS

1 and 4 Garden used to cultivate a fern (6, 6)
8 Cooks chips and cut vegetable (7)
9 A way to be on a horse? Yes (7)
11 Loud beat by lad and worker is ostentatious (10)
12 Gunners after gold have a distinctive air (4)
13 Doctor has endless discussion over coffee (5)
14 Hard, you said, gathering 4 to meet French Calvinist (8)
16 Scrap this newspaper carrying German translation (8)
18 Graduates batting so bowl (5)
20 A long narrative in the press again! (4)
21 Street athlete gets the bird (4-6)
23 Someone being treated as tolerant (7)
24 Imagine a portrait (7)
25 Queen accepts composer is one to make money (6)
26 Wager boy will double-cross (6)

DOWN

1 Dismay a gentle friend (5)
2 Many C.I.D. characters become forceful (7)
3 Repairs to terrace at Churchman's office (9)
5 Televised attack? (5)
6 Brahms for example—last piece is relevant (7)
7 Duck to a lower position for cover (9)
10 Drink at the end of New York Bay (9)
13 Male sheep upset and sick in France eating this? (9)
15 Unusual, being a red fabric (9)
17 You may look through his work (7)
19 Treason ruined politician (7)
21 Called first engineer to find compass (5)
22 Almost beheaded before the appointed time! (5)

Solution to Puzzle No. 6,329



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mgrs. (a)

AIFtex Unit Trusts Ltd(a)(b)(c)

Allied Dunbar Unit Trusts PLC (a)(g)

Anthony Wieler Unit Tst. Mgmt. Ltd

Archway Unit Tst. Mgs. Ltd(a)(c)

Arkwright Management

Asset Unit Trust Mngrs Ltd

Atlanta Unit Trust Managers Ltd

Baillie Gifford & Co Ltd

Baltic Trust Managers Ltd

Barclays Unicorn Ltd(a)(c)(g)

Baring Fund Managers Ltd

Barrington Mngt Co Ltd (a)

Bell Court Fund Mngt PLC

Bishopsgate Progressive Mngmt. Co

Brewin Dolphin Unit Tst Mngrs Ltd

Bridge Fund Managers (a)(c)

Britannia Unit Trust Managers Ltd

Brown Shipley & Co Ltd (a)(g)

Brycourt Unit Trust Mngmt Ltd(a)(c)(d)

Buckmaster Management Co Ltd (a) (c)

CCL Unit Trusts Limited

CS Fund Managers Limited

Canada Life Unit Trust Mngrs. Ltd

Cannon Fund Managers Ltd (a)(g)

Capel (James) Mngt. Ltd

Capital House Unit Trust Mngrs

Cent. Bd. of Fin. of Church of England

Charities Official Invest. Fund

Chase Manhattan Fund Mngrs Ltd

Clerical Medical Unit Trust Mngrs Ltd

Commercial Union Trust Managers

Confederation Funds Mngt Ltd (a)

Cornhill Unit Trust Mngrs Ltd

County Unit Trust Managers

Crown Unit Trust Services Ltd

Crusader Unit Trust Mngrs Ltd

Darlington Unit Trust Mngt. Ltd

Dimensional Trust Management Ltd

Discretionary Unit Fund Managers

Drummond Fund Mngt. Ltd

Dunedin Unit Trust Mngrs Ltd

EBC Amro Unit Trust Mngmt

EFM Unit Trust Managers Ltd

Eagle Star Unit Managers

Enterprise Fund Managers Ltd

Equitable Units Administration Ltd

Equity & Law Un. Tr. M. (a) (c)

F & C Unit Management

FS Investment Managers Ltd

Fidelity Investment Services Ltd

CCL Unit Trusts Limited

Robert Fleming & Co Ltd

Framlington Group (a)

Robert Fraser Trust Mngt. Ltd

Friends Provident Unit Trusts(a)(b)(c)

Funds in Court

G. & A. Trust (a) (g)

GT Unit Managers Ltd

Gartmore Fund Managers (a) (g)

Govett (John) Unit Mngt. Ltd

Grieveson Management Co Ltd

Guardian Royal Ex. Unit Mgrs. Ltd

Henderson Administration (a)(b)(c)

Hexagon Services Ltd

Highcliffe Unit Trust Managers Limited

Hill Samuel Unit Tst. Mgrs.

IBI Fund Managers Ltd

Key Fund Managers Ltd (a)(g)

LAS Unit Trust Managers Ltd

L & C Unit Trust Management Ltd

Lazard Brothers & Co Ltd

Legal & General (Unit Tst. Mngrs.) Ltd

Leonine Administration Ltd

Lloyds Bk. Unit Tst. Mngrs. Ltd (a)

Local Authorities' Mutual Invest. Tst.

London & Manchester (Tst Mgmt) Ltd

M & G Group (y)(c)(z)

Hambros Bank Unit Trust Managers Ltd

هكذا صورة الأصل

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Contd. on next Page

FT UNIT TRUST INFORMATION SERVICE

M & G Group—Contd.

Managed (Acc)	447.8	470.2	-0.7	—
PPP Fund (Cap)	312.5	328.2	-1.5	—
PPP Fund (Acc)	436.1	458.0	-2.1	—
Pacific (Cap)	260.3	273.4	-0.3	—
Pacific (Acc)	363.3	381.9	-0.4	—
Property (Cap)	132.2	138.9	....	—
Property (Acc)	184.5	193.8	....	—
Recovery (Cap)	210.5	211.1	+1.4	—
Recovery (Acc)	293.8	308.6	+1.9	—
UK Income (Cap)	118.0	125.0	+1.1	—
UK Income (Acc)	166.1	174.5	+1.5	—
Personal Pension (Acc)	—	1752.4	—	

MGM Assurance
MGM House, Heene Rd, Worthing 0903 204631

UK Equity	230.5	242.7	-0.1	—
Do. Accum	258.2	271.8	-0.3	—
Special Situations	209.2	220.3	+1.2	—
Do. Accum	234.5	246.9	+1.6	—
North American	174.6	183.2	-2.4	—
Do. Accum	195.6	205.3	-2.4	—
Pacific Base	318.5	335.3	-5.7	—
Do. Accum	357.6	375.8	-3.9	—
Fixed Interest	218.2	229.7	—	—
Do. Accum	244.5	257.4	—	—
Property	117.6	123.8	+0.1	—
Do. Accum	131.7	138.7	—	—
Deposit	112.4	118.4	—	—
Do. Accum	125.9	132.6	—	—
Managed	213.1	224.4	-0.6	—
Do. Accum	239.7	252.4	-0.7	—
Bonus Gwth Fd Acc	95.1	100.1	—	—
Pension Funds				
Pensions Equity	251.0	264.3	-0.5	—
Do. Accum	304.4	320.5	-0.2	—
Pens. Spec. Sits.	233.6	245.9	+1.6	—
Do. Accum	283.5	298.5	+2.6	—
Pens. North American	182.7	192.4	-3.1	—
Do. Accum	221.7	233.4	-3.6	—
Pens. Pacific Basin	349.8	368.3	-8.2	—
Do. Accum	424.4	446.8	-9.5	—
Pens. Fixed Int.	229.1	241.2	-0.9	—
Do. Accum	278.0	292.7	—	—
Pens. Property	118.6	124.9	-0.1	—
Do. Accum	143.8	151.4	—	—
Pens. Deposit	119.8	126.2	-0.1	—
Do. Accum	145.3	153.0	+0.1	—

National Mutual of Australasia
Serpentine Rd, Poole, Dorset 0202 680666

Fixed Interest	136.34	143.51	—	—
Guaranteed Deposit	118.38	124.60	—	—
Managed	153.44	161.51	—	—
Property	138.75	146.05	—	—
UK Equity	189.56	199.53	—	0.41
Pens Fixed Interest	128.01	134.74	—	—
Pens Gtd Deposit	119.21	125.48	—	—
Pens International	202.07	212.70	—	—
Pens Managed	165.27	173.96	—	—
Pens Property	155.62	163.80	—	—
Pens UK Equities	169.70	178.63	—	—
International	185.36	195.11	—	—
Nth American Fund	151.06	159.00	—	—
Far East Pacific Fd	179.66	189.11	—	—
Japan Fund	259.82	273.49	—	—
European Fund	195.93	206.24	—	—

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

Managed	300.2	316.1	-1.0	—
UK Equity	400.4	421.5	+0.4	—
Overseas Eq.	283.5	298.5	-3.9	—
Americas	230.1	242.3	-4.4	—
Far East	338.4	356.3	-4.9	—
Property	137.4	144.7	-0.3	—
Fixed Int	212.5	223.7	-1.4	—
Indexed Gilt	118.9	125.2	+0.1	—
Deposit	132.9	139.9	—	—
Pension Fund Prices				
Man. Initial	314.0	330.6	-1.3	—
Man Acc.	378.2	398.2	-1.6	—
UK Eq. Initial	402.2	423.4	-0.1	—
UK Eq.	473.0	497.9	—	—
Overseas Eq. Initial	352.2	370.8	-4.2	—
Overseas Eq.	439.6	462.7	-5.2	—
Americas Initial	247.2	260.3	-5.8	—
Americas	295.2	310.8	-6.8	—
Far East Initial	472.5	497.4	-6.4	—
Far East	562.4	592.1	-7.4	—
Prop. Initial	130.8	137.7	-0.5	—
Prop.	155.8	164.0	-0.6	—
Fixed Int. Initial	191.9	202.0	-1.1	—
Fixed Int.	228.1	240.2	-1.4	—
Indexed Gilt Initial	108.3	114.0	+0.1	—
Indexed Gilt	127.4	134.2	+0.1	—

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1987 High	1987 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
100[illegible]	99[illegible]	Treas. 10pc 1987	100[illegible]	.....	9.99	8.88
99[illegible]	97[illegible]	Treas 3pc 1987	99[illegible]	.....	3.02	7.54
101[illegible]	100[illegible]	Treas. 12pc 1987	101[illegible]	.....	11.81	8.19
99[illegible]	97[illegible]	Treas 7¼pc 1985-88‡‡	99[illegible]	[illegible]	7.77	8.20
102[illegible]	99[illegible]	Exch 10½pc '88	101[illegible]	.....	10.30	8.36
101[illegible]	98[illegible]	Treas 9¾pc Cv '88	101[illegible]	[illegible]	9.63	8.50
96[illegible]	93[illegible]	Transport 3pc '78-88	96[illegible]	[illegible]	3.10	6.04
101[illegible]	98[illegible]	Treas. 9½pc '88	101[illegible]	[illegible]	9.39	8.57
105[illegible]	101[illegible]	Treas 11½pc 1989	104[illegible]	[illegible]	11.00	8.61
102[illegible]	97[illegible]	Treas 9½pc Cnv 1989	101[illegible]	[illegible]	9.35	8.58
94[illegible]	89[illegible]	Treas 3pc 1989	94[illegible]	[illegible]	3.17	5.93
104[illegible]	99[illegible]	Treas 10½pc 1989	103[illegible]	[illegible]	10.15	8.62
103[illegible]	98[illegible]	Exch.10pc 1989	102[illegible]	[illegible]	9.75	8.68
105[illegible]	100[illegible]	Exch 11pc 1989	104[illegible]	[illegible]	10.49	8.65
95[illegible]	89[illegible]	Treas 5pc 1986-89	95[illegible]	[illegible]	5.23	6.98
108[illegible]	100[illegible]	Exch 10¼pcCv '89	106[illegible]	[illegible]	9.66	7.50
111[illegible]	105[illegible]	Treas 13pc 1990‡‡	110[illegible]	[illegible]	11.82	8.67
106[illegible]	100[illegible]	Exch 11pc 1990‡‡	105[illegible]	[illegible]	10.43	8.70
110[illegible]	104[illegible]	Exch. 12½pc 1990	109[illegible]	[illegible]	11.42	8.66
91[illegible]	84½	Treas. 3pc 1990	91[illegible]	[illegible]	3.27	6.10
100[illegible]	93[illegible]	Treas 8¼pc 1987-90‡‡	99[illegible]	[illegible]	8.27	8.32
105	97½	Treas. 10pcCv 1990	103[illegible]	[illegible]	9.63	8.66
89[illegible]	81[illegible]	Exch 2½pc 1990	89[illegible]	[illegible]	2.80	5.89
110[illegible]	103[illegible]	Treas 11¾pc 1991	109[illegible]	[illegible]	10.76	8.72
95[illegible]	87[illegible]	Funding 5¾pc '87-91‡‡	95[illegible]	[illegible]	6.03	7.15
89	80[illegible]	Treas. 3pc 1991	88[illegible]	[illegible]	3.38	6.19
110[illegible]	100[illegible]	Treas 10pc Cv '91 ‡‡	107[illegible]	[illegible]	9.28	7.76
109[illegible]	101[illegible]	Exch. 11pc 1991	108[illegible]	[illegible]	10.15	8.67
116[illegible]	108[illegible]	Treas 12¾pc 1992‡‡	115[illegible]	[illegible]	11.08	8.75
106[illegible]	97[illegible]	Treas 10pc 1992	104[illegible]	[illegible]	9.55	8.75
49[illegible]	47[illegible]	Treas. 8pc 1992 ‡‡(50pd)	47[illegible]	[illegible]	8.15	8.47
108[illegible]	99[illegible]	Treas 10½pc Cv 1992‡‡	106[illegible]	[illegible]	9.83	8.77

Five to Fifteen Years

1987 High	1987 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
115[illegible]	106[illegible]	Exch. 12¼pc '92	114[illegible]	[illegible]	10.76	8.89
121[illegible]	111[illegible]	Exch 13½pc 1992	119[illegible]	[illegible]	11.34	8.90
107[illegible]	97[illegible]	Treas 10pc 1993‡‡	105[illegible]	[illegible]	9.52	8.86
118[illegible]	108[illegible]	Treas 12½pc 1993‡‡	116[illegible]	[illegible]	10.71	8.91
95[illegible]	82[illegible]	Funding 6pc 1993‡‡	95[illegible]	[illegible]	6.31	6.97
125[illegible]	114[illegible]	Treas 13¾pc 1993‡‡	123[illegible]	[illegible]	11.14	8.91
129[illegible]	119[illegible]	Treas 14½pc 1994‡‡	128[illegible]	[illegible]	11.34	8.92
124[illegible]	113[illegible]	Exch 13½pc 1994 ‡‡	122[illegible]	[illegible]	10.99	8.99
107[illegible]	97[illegible]	Treas. 10pc Ln. 1994	105[illegible]	[illegible]	9.46	8.88
120[illegible]	109[illegible]	Exch. 12½pc 1994	118[illegible]	[illegible]	10.57	9.01
103[illegible]	92[illegible]	Treas 9pc 1994‡‡	101[illegible]	[illegible]	8.87	8.72
118[illegible]	107[illegible]	Treas 12pc 1995	116[illegible]	[illegible]	10.33	9.02
82[illegible]	76	Exch 3pc Gas 90-95	81[illegible]	[illegible]	3.69	5.99
109[illegible]	98[illegible]	Exch. 10¼pc 1995	107[illegible]	[illegible]	9.56	8.98
123[illegible]	112[illegible]	Treas 12¾pc 1995‡‡	122[illegible]	[illegible]	10.46	8.98
130[illegible]	118[illegible]	Treas. 14pc '96	128[illegible]	[illegible]	10.90	9.17
102[illegible]	92[illegible]	Treas 9pc 1992-96‡‡	101	[illegible]	8.92	8.75
139[illegible]	126[illegible]	Treas 15¼pc 1996‡‡	137[illegible]	[illegible]	11.11	9.07
127[illegible]	116[illegible]	Exch 13¼pc 1996‡‡	125[illegible]	[illegible]	10.55	9.02
87[illegible]	81[illegible]	Redemption 3pc 1986-96	87	[illegible]	3.40	4.75
108[illegible]	96[illegible]	Conversion 10pc 1996	106[illegible]	[illegible]	9.40	8.98
128[illegible]	116½	Treas 13¼pc 1997‡‡	126[illegible]	[illegible]	10.49	9.08
111[illegible]	100	Exch 10½pc 1997	109[illegible]	[illegible]	9.60	9.02
101[illegible]	90[illegible]	Treas 8¾pc 1997‡‡	98[illegible]	[illegible]	8.85	8.90
100[illegible]	90[illegible]	Treas. 8¾pc '97 'B' ‡‡	98[illegible]	[illegible]	8.75	8.75
140[illegible]	126[illegible]	Exch 15pc 1997	137[illegible]	[illegible]	10.89	9.27

BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for September 1986: 387.8 and for April 1987: 101.8 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

FOREIGN BONDS & RAILS—Contd

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30⅜	23	Sara Lee $1	23⅜xd	–1⅛	$1.00	—	6.9
11⅛	9⅞	Saul (B. F.) $1	9⅞	–⅛	20c	—	1.3
79	62⅝	Southwestern Bell $1	63	–1⅝	$6.96	—	6.8
17⅝	14⅞	Staley Continental	14⅞	....	80c	—	3.3
44⅜	36⅝	Sun Co. Inc. $1	38xd	–1½	$3.00	—	4.8
74	57⅛	TRW Inc. $1¼	59¼xd	–1⅛	$3.22	—	3.3
31	25⅞	Tenneco $5	28⅛xd	....	$3.04	—	6.5
187½	149½	Do. 10pcLn.Stk. 91-5	182½xd	....	10%	—	5.6
26¼	17⅛	Texaco $6.25	21⅝xd	....	$3.00	—	8.5
57¼	47⅛	Time Inc. $1	50⅛	–1¼	$1.00	—	1.2
14½	11½	Tracor $0.33	11½	–¼	40c	—	2.1
24⅝	19⅛	Transamerica $1	19⅛xd	–⅛	$1.76	—	5.6
11	967p	Transworld Corp $5	973p	+5	20c	—	1.3
42¼	29⅝	TRINOVA Corp.	39⅝xd	–1½	h$1.00	—	1.6
19⅝	15⅛	♥USX $1	19	–⅛	$1.20	—	3.9
18¼	15⅛	Union Carbide $1	17⅛xd	–⅜	$1.50	—	5.3
35⅜	26⅞	Utd. Technologies	27¼	–1½	$1.40	—	3.1
38⅝	29¼	US West	29¼	–½	$3.28	—	6.9
33⅜	26	♥Woolworth $3½	28	–1	$1.32	—	2.9

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
23p	16p	♥Abbot Energy Corp.	18p	....	—	—	—
25⅛	10⅛	♥Amer. Barrick Res.	25⅛	+1¼	—	—	—
95½p	36p	Armeno	101p	+6	—	—	—
19⅞	15	Bk. Montreal ‖	15	....	$2.00	—	5.8
10½	760p	Bk. Nova Scot.‖	780p	–11	72c	—	4.0
20⅝	18	BCE ‖	18½	–¼	$2.40	—	5.7
960p	712p	♥Bow Valley‖	919p	–6	40c	—	1.9
19¼	12⅝	♥Brascan‖	16¼	–½	88c	—	2.3
609p	277p	♥Breakwater Res.	448p	–3	—	—	—
11⅛	907p	Can.Imp Bk. $2	907pxd	–18	$1.08	—	5.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
323	305	PWS Holdings 10p	320	+1	q9.25	2.9	4.0	12.0
399	316	Pearl Group 5p	377	−4	10.5	—	3.8	—
*950	804	Prudential	938	−4	29.0	—	4.2	—
509	453	Refuge 5p	508	+9	15.75	—	4.2	—
£10¼	847	Royal	935	+5	31.0	—	4.5	—
*344	288	Sedgwick Group 10p	309	−7	12.0	1.7	5.3	13.2
269	207	Steel Burrill J.10p	269	......	9.0	2.0	4.6	15.0
505	403	Stewart Wr. 20p	464xd	+1	13.0	2.0	3.8	16.5
450	377	Sturge Hldgs 20p	435	......	6.0	2.5	2.0	27.2
895	645	Sun Alliance	856xd	+8	23.5	—	3.8	—
£12½	929	Sun Life 5p	£11½	......	28.5	—	3.4	—
£69½	£39	♥Taisho M EDR	£57¾	−1½	q010%	—	0.7	—
£21½	£15½	Torchmark $1.00	£15½	−¼	060c	—	2.4	—
335	295	Trade Indemnity	335	......	4.3	—	1.8	—
£34	£26¾	Travelers $1.25	£26¾	−½	$2.28	—	5.3	—
£32½	£21¾	USLIFE Corp. $1.0	£21¾	−½	051.20	3.2	3.4	4.8
678	555	♦Utd Friendly B 10p	673	......	21.0	—	4.4	—
464	367½	Willis Faber 12½p	425	......	10.75	1.9	3.5	21.4
68	41	♦Windsor Secs. 10p	68	......	10.7	1.5	1.4	62.7

LEISURE

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
17	11½	♦A & M Group 10p	16	+½	0.4	2.0	3.4	20.0
76	69	A-R TV Pref. £1	76	......	5.95	48.1	12.9	—
*549	302	Anglia TV	452	−7	q11.25	3.3	3.4	12.5
182	108	♦Aspinall Hldgs. 10p	179	−1	6.0	1.2	4.6	24.5
102	63	♦Avesco 1p	101	−1	1.0.5	6.6	0.7	25.9
48	40	♦BCE Hldgs 5p	43½	......	Rd1.0	3.0	3.1	14.5
195	132	Barr & W.A.T. 'A'	180xd	+2	8.0	♦	6.1	♦
193	165	Boosey & Hawkes	193	......	—	—	—	—
83	45	♦Border T.V.	61	......	†q2.5	3.2	5.6	15.9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
140	84	Anglo-Dominion	113	−1	—	—	—
90	21	♥Colby Res Corp.	75½	−½	—	—	—
245	162	Cons. Murch. 10c	245	......	aQ60c	4.4	7.6
71	38	♦Emess Int. Ir10p	68	−2	—	—	—
318	151	Greenwich Res	316	......	—	—	—
£12⅛	963	Hemlo Gold Mines	£11⅞	−¼	—	—	—
355	190	♥Highwood Res.	288	−2	—	—	—
£24⅞	£16⅛	Homestake Mining $1	£22⅞	+½	Q30c	—	0.5
442	150	♥McFinley Red Lake	387	−3	—	—	—
150	86	♥Musto Explorations	127	......	—	—	—
100	37½	♥New Sabina Res C$1	86	−1	—	—	—
580	200	Northgate C$1	548	−3	—	—	—
237	104	Nor-Quest Resources	164	−3	—	—	—
£11¼	698	RTZ	£11¼xd	+¼	23.5	♦	2.9
£228¾	£113¼	Do. 9½pcLn '95-2000	£227xd	+6	Q9½%	15.5	(4.2

THIRD MARKET

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
475	180	Abelscot Group 10p	380xd	......	3.5	2.7	1.3	40.9
35	28	Aberdeen Am Pet 10p	32	......	—	—	—	—
125	110	Allied Ins. Brokers	124xd	+1	13.5	2.5	4.0	14.4
15	9	Ardmore Pet. 'A'	14	......	—	—	—	—
73	45	Catalyst Comms. 5p	73	+7	—	—	—	—
98	47	Corton Beach 10p	86	−10	0.4	♦	0.6	♦
178	150	Crown Eyeglass 5p	177	......	—	—	—	—
200	102	Edenspring Investment	200	......		—	—	—
*62	30	Eglinton Oil Ir.5p	35	−1	—	—	—	—
41	17	Do. Warrants	23	......	—	—	—	—
46	17	Publishing Hldgs.5p	40	−2	—	—	—	23.2
58	45½	Theme Holdings	51	+4	1.0	♦	2.7	♦
138	111	Unit Group	115	......	R4.6	2.5	5.5	(8.2)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▯ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	76xd	−2	Fin. 13% 97/02	£118¾	......
Craig & Rose £1	£16¼	......	Arnotts	373xd	......
Finlay Pkg. 5p	81xd	−1	CPI Hldgs	58	−2
Holt (Jos) 25p	938xd	+3	Carroll Inds.	131	+1
IoM Stm. £1	109	+3	Dublin Gas	18	......
			Hall (R. & H.)	100	......
IRISH			Helton Hldgs.	29	......
Fund 11¼% 1988	£100¾	......	Irish Ropes	165	......
Nat. 9¼% 84/89	£98¾	......	Unidare	360	−35

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	35	NEI	8
Amstrad	16	Nat West Bk	55
BAT	47	P & O Dfd	55
BOC Grp	42	Plessey	20
BSR	12	Polly Peck	20
BTR	30	Racal Elect	20
Babcock	19	RHM	30
Barclays	47	Rank Org Ord	55
Beecham	48	Reed Intnl	42
Blue Circle	62	STC	20
Boots	25	Sears	12
Bowaters	37	TI	55
Brit Aerospace	58	TSB	8
Brit. Telecom	20	Tesco	42
Burton Ord	23	Thorn EMI	50
Cadburys	22	Trust Houses	20
Charter Cons.	30	Turner Newall	24
Comm Union	29	Unilever	150
Courtaulds	35	Vickers	55
FNFC	20	Wellcome	50
Gen Accident	80	**Property**	
GEC	18	Brit Land	17
Glaxo	110	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	100	Peachey	30
Guardian	85	**Oils**	
GKN	30	BOM	3½
Hanson Tst.	15	Brit Petroleum	60
Hawker Sidd	50	Burmah Oil	38
ICI	80	Charterhall	4
Jaguar	52	Premier	4
Ladbroke	40	Shell	75
Legal & Gen	25	Tricentrol	11
Lex Service	35	Ultramar	17
Lloyds Bank	48	**Mines**	
Lucas Inds	55	Cons Gold	65
Marks & Spencer	18	Lonrho	24
Midland Bk	55	Rio T Zinc	65
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr 27	May 7	May 8	May 18
May 11	May 28	May 29	Jun 8
Jun 1	Jun 11	Jun 12	Jun 22

* New time dealings may take place from 9.00 am two business days earlier.

Gold shares move higher in sluggish equity sector while Government bonds recede

Thee UK stock market had to struggle yesterday to hold on to its latest peaks, as weakness in the Wall Streeet and Tokyo trading centres turned investors' attentions away from the British electoral scene. However, equities rallied from early losses as the latest UK retail sales statistics indicated a continuing consumer boom, and a strengthening pound revived hopes that bank base rates might be forced lower again before Election Day.

Major market indices crept through to new highs. but leaned heavily on good performances by a handful of leading shares—notably **GEC** and **Unilever**. Most of the other international favourites closed lower on the day, and gilt-edged shed half a point.

The FT-SE 100 index added 2.4 to 2192.1, and the FT Ordinary 4.8 to 1696.4.

In early trading, the FT-SE index fell by 16 points, with the latest UK opinion polls failing to excite the City. There was little selling, however, and the market brightened when Unilever reported excellent trading figures. Supported also by news of a 3.8 per cent gain in April retail sales, the stock market turned higher to show a net gain of 6 points.

But this confidence, which was based upon very slight investment support, melted away when Wall Street came in with a 20 point fall, to follow Friday's substantial setback.

Imperial Chemical Industries, **Fisons** and **Glaxo** were among major stocks to give ground. Oil shares, helped at first by firmness in world crude prices, succumbed later to Wall Street's weakness.

But UK bank shares came in for renewed support from US sources and retail stocks' benefited from the sharp rise in UK retail sales.

Inflation nervousness again boosted the gold share sector. Widespread gains were marked against the leading producer issues, although dealers said business was still restrained by reaction to the South African elections.

Giltledged securities had a quiet session, with prices again overborne by the weight of stock now hanging over the market. The £1bn Treasury stock auctioned last Wednesday still has to be worked off the traders' books, and most of the £1bn offered by tender on Thursday remains in the hands of the authorities.

Prices opened easier and settled a the lower levels as the session progressed. Despite the firmness in sterling, which raised the prospect that the UK authorities might be obliged, aginst their inclinations, to allow a further cut in UK base rates before the election, the market closed without recovery. The longer dates ended a net ⅜ down.

Unilever, known world wide for its detergents, edible fats and many other food products, jumped 1¼ to £30⅜ following the announcement of bumper first quarter figures.

This followed a strong profits performance in all divisions. The figures include a first contribution from Chesebrough-Ponds of the US. Mr Robert Brand, the Wood Mackenzie analyst, said the first quarter results were "very good" and is increasing his forecast for the year from £1.4m to £1.45m.

GEC, one of the market's most active stocks over the past two weeks, spurted 8½ more to 232½p after a turnover of 44m shares following rumours highlighted in the weekend Press that Hanson Trust has built up a stake of anything between 2.5 and 4.5 per cent of the company shares.

GEC analyst Brian Newman at Chase Manhattan Securities said yesterday that the current price "is justified purely on current trading grounds" but that any rise in the shares to 250p and above would indicate "serious stake-building possibilities."

Consolidated Goldfields, up ¼ at £10⅝ and **RTZ**, ⅜ higher at £11⅛, provided two bright features in the mining sector. ConsGold, taking more than half its profits from gold mining operations, benefits strongly from the rise in world bullion prices.

The banks sector continued to make strong progress, with dealers again pointing to the recent underperformance of the sector against the rest of the market.

NatWest remained the outstanding performer in the big four and advanced a further 15 to 673p—a two-day jump of 36, while **Midland** put on 10 more to 688p and **Lloyds** 4 to 554p. **Barclays** touched 564p early on later slipped to end the session 4 up on balance at 562p ahead of the start of the placing operations in the US and Japan which will involve offerings of around 41.5m new ordinary shares.

Shopfitters **Sharp and Law** staged a highly successful debut in the Unlisted Securities Market; the shares, placed at 125p, opened at 170p and settled at 161p.

Allied-Lyons traded cautiously awaiting today's preliminary statement; most analysts expect the group to announce prfits of around £325m compared with £269.5m last year. Volume totalled only 2.0m shares as the price drifted to 430p. **Bass**, interim figures due the following day, maintained a firm stance at £10⅛, while **Greenall Whitley** moved up on the view that the stock had been overlooked to close 6 higher at 265p, a peak for the year. **Scottish and Newcastle** made little reaction either way to Friday's late put-through of 1.5m shares.

FINANCIAL TIMES STOCK INDICES

	May 18	May 15	May 14	May 13	May 12	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	92.32	92.62	92.92	93.02	92.92	91.62	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.82	98.07	98.05	98.54	98.35	96.82	98.54 (13/5)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1696.4	1691.6	1684.2	1,680.5	1,670.4	1,294.3	1,696.4 (18/5)	1,320.2 (2/1)	1,696.4 (18/5/87)	49.4 (26/6/40)
Gold Mines	444.1	429.9	420.8	421.4	428.1	241.9	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.40	3.39	3.41	3.41	3.44	4.24				
Earnings Yld.%(full)	8.18	8.18	8.20	8.20	8.20	10.53				
P/E Ratio (net) (*)	15.05	15.04	15.01	15.00	15.05	11.61				
SEAQ Bargains (5 pm)	50,314	49,571	47,513	46,728	52,941	—				
Equity Turnover (£m)	—	—	1776.53	1,522.47	1,599.60	365.85				
Equity Bargains	—	—	61,468	61,260	68,455	22,864				
Shares Traded (ml)	—	—	705.5	609.7	643.4	178.3				

S.E. ACTIVITY

Indices	May 15	May 14
Gilt Edged Bargains	—	144.0
Equity Bargains	—	398.3
Equity Value	—	3590.8
5-Day Average		
Gilt Edged Bargains	—	180.7
Equity Bargains	—	410.9
Equity Value	—	3438.0

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1688.0	1683.0	1686.0	1695.9	1697.4	1697.9	1693.9	1696.0

Day's High 1698.8. Day's Low 1682.7. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil=14.71.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Leading Buildings made an irregular showing. **Blue Circle** drifted off to close 6 cheaper at 907p, but **RMC**, boosted by reports of a broker's lunch, gained 8 more to 905p. **Redland**, annual results due at the end of the month, hardened a couple of pence to 492p, but **BPB Industries** softened a few pence to 771p. Elsewhere, **Stanley Miller** featured with a gain of 15 at 110p reflecting "shell operation" speculation; last week the company denied any knowledge of any bid approaches. **Countryside** advanced 67 to 785p in a restricted market, while **Howard Shuttering** gained 14 to 92p reflecting favourable Press comment. Speculative demand boosted **McLaughlin and Harvey** 36 to 213p. **Bella** firmed 6 to 228p following disposal news. In the Timber sector, **Magnet and Southerns** attracted support at 376p, up 7, while **Meyer International** recovered from initial dullness to close 5 dearer on balance at 400p.

The Stores sector drifted easier in early trading but rallied strongly in mid-session following news that the provisional retail sales figures for April showed a 3.8 per cent rise, compared with the 1.2 per cent decline in March.

In the leading group **Sears**, helped by the recent good results, added 7 at a 1987 high of 162¾p, while **Marks and Spencer** jumped 4 to 254½p. **Storehouse**, scheduled to announce preliminary figures on June 2, put on 6 to 319p.

Mail Order issues were outstanding and **Freemans** jumped 16 to 529p. Press suggestions that preliminary profits from Top Value, due today, may top £900,000 lifted the company's shares 8 to 107p.

Favourable Press comment triggered good support for **BICC** which gained 11 at 382p. A good turnover developed in **Racal**—11m shares changed hands—and the shares settled 8 up at 257p despite comment on the possibility of a price way in the cellular radio market.

Elsewhere, interim figures which failed to match up to market expectations left **Crystalate** 23 off at 286p.

Among Engineers, **Hallite** jumped 50 to 300p on the agreed bid from Evered, the latter closed a shade easier at 244p. Week-end Press comment directed buying attention to **Saville Gordon**, 12½ dearer at 100½p, and **Wheway**, 4 better at 42½, while **Carclo** gained 15 to 597p for a similar reason. **Deritend**, scheduled to reveal preliminary figures on Thursday, improved 7 to 290p.

Reports of a placing of some 7m **Tesco** shares to finance the successful acquisition of Hillards took the shine of an initally firm Food Retailing sector and most quotations closed easier on balance. Tesco settled 14 lower at 529p, while **J. Sainsbury** finished with a similar fall at 555p; the latter's annual results are due today. **Kwik Save** edged up a couple of pence to 315p following the interim figures, while **Normans** put on 5 to 77½p on news that Rainbow Corporation had acquired a 4.9 per cent stake aimed at bringing about a co-operation between the companies. Among Manufacturers, **S. & W. Berisford** gained 13 to 347p on hopes of and eventual outright bid from **Associated British Foods**; the lateer, a firm market of late, came back 6 to 397p following the annual results. **Booker** firmed 7 afresh to 492p reflecting the visit currently underway in the US.

Most leading miscellaneous industrials finished the day on an easier bias. **BOC** closed 10 lower at 471p following the half-year results, while last week's high flier, **Glaxo**, drifted back to finish ⅛ down at £15⅝. **Boots**, in contrast resisted the trend, improving 6 to 308½p, helped by the good retail figures for April. Elsewhere, **LDH** featured with a jump of 65 to 130p following changes in stakeholdings and the announcement of new board appointments. **Parker Knoll "A"** moved ahead strongly in response to favourable Press mention and closed 75 to the good at 618p. **IPECO**, reflecting news of the major order worth around £648,000 from British Caledonian Airways, advanced 12 to 108p. Comment ahead of tomorrow's preliminary statement prompted a rise of 11 to 355p in **Coloroll**, while a revival of speculative activity left **Arenson** 4 to the good at 84p. **Thomson T Line** were good at 785p, up 30, along with **Blue Arrow**, 14 better at 897p. Other bright spots included **Cannon Street Investments**, 10 dearer at 305p, on expansion hopes and **Robertson Research**, which gained 13 to 151p, following newspaper comment. **Pearson** closed unaltered at 625p; it was announced late yesterday that Cerus has acquired most of the shares of Pearson formerly held by an associate of Hutchison Whampoa. Cerus is a listed French industrial company controlled by CIR, the major shareholder in Olivetti.

Snooker club operators and snooker table manufacturers **Riley Leisure** gained 21½ to 97p following the share-exchange, with cash alternative of 75p per share, from **Midsummer Leisure**; the latter rose 22 to 415p. Elsewhere in the Leisure sector, **Marina Developments** put on 10 to 133p following news of a bid approach intimating an offer for the company at 125p per share cash. The FA Cup Final defeat prompted profit-taking in recently-firm **Tottenham Hotspur** which came back 7 to 113p, after 110p.

A report that the US magazine Barrons had advised readers to buy the car but sell the stock unsettled **Jaguar**. Marketmakers saw American selling but the strength of sterling also contributed to the weakness in the shares which closed 21 lower at 534p.

Weekend mention aroused enthusiasm for **Metal Bulletin**, up 20 at 163p, while **Home Counties Newspapers** spurted 40 further to 508p in front of today's annual meeting. **Barbour Index** were raised 30 more to 445p. Press comment also inspired firmness in **Barham**, 8 better at 189p. Confirmation that David S. Smith was seeking expansion either through acquisition or launch opportunities put the shares 7 higher at 328p.

A BZW prediction that **S. Jerome** could produce profits of £2m this year, although the securities house is slightly more conservative with an official forecast of £1.9m, inspired demand for the shares which gained 10 further to 220p. **SEET** revived strongly with a rise of 12 to 158p while occasional buying in a thin market lifted **Dura Mill** 35 to 217p. **Courtaulds** advanced late to 448p, up 11.

Sudden investment interest touched off speculative inquiries for **Vantage Securities**, which bounded forward 41 to 201p. **Abingworth**, reflecting its holding in Garfunkels, rose 8 more to 300p while **Baltic** (formerly Nevi Baltic) jumped 11 to 207p on Chiswell Street property hopes. A report that **Harvey and Thompson** would soon seek a full listing put the USM-quoted stock 25 higher to 390p. Fresh demand in a restricted market lifted **AC Holdings** 58 more to 673p.

Depressed initially by Wall Street's dull performance on Friday, leading energy stocks subsequently rallied in the absence of any sustained selling to close little changed on balance. **BP**, in which some 10m shares changed hands, settled 4 cheaper at 348p. **British Gas** — 34m shares traded — finished a fraction cheaper at 113½p. **Shell** were ⅛ off at £13⅞.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (294)

CANADIANS (1), BANKS (8), BREWERS (9), BUILDINGS (12), CHEMICALS (3), STORES (18), ELECTRICALS (21), ENGINEERING (20), FOODS (11), HOTELS (3), INDUSTRIALS (44), INSURANCE (3), LEISURE (9), MOTORS (4), NEWSPAPERS (1), PAPER (7), PROPERTY (47), SHIPPING (4), SHOES (3), SOUTH AFRICANS (1), TEXTILES (8), TRUSTS (35), OILS (9), OVERSEAS TRADERS (3), MINES (9), THIRD MARKET (1).

NEW LOWS (45)

AMERICANS (24). CANADIANS (4) Bank Nova Scotia, Can. Imp. Bank, Hentys Group, Royal Bank Canada. BANKS (3) Algemene, Deutsche Bank, Cie Bancaire. CHEMICALS (1) Snia BPD. INDUSTRIALS (1) Brierley Investments. INSURANCES (8) Alexander and Alexander, Amer Gen Corp, Aon Corp, Marsh & McLennan, NZI Corp, Torchmark, Travellers, USLIFE. PAPERS (1) Ogilvy Group. TRUSTS (2) Fleming American, GEC Capital. OVERSEAS TRADERS (1) REA Hldgs.

Traded options

Turnover in traded options contracted for the fifth consecutive trading session. Calls totalled 36,810 and puts 10,084 making a grand total of 46,894 contracts.

Traditional Options

- First dealings May 18
- Last dealings May 29
- Last declaration August 20
- For Settlement Sept 1

For rate indications see end of Unit Trust Service

Call options were taken out in Freshbake Foods, KCA Drilling, Glanfield Property Trust, Lawrence, Dares Estates, Southend Stadium, Trimoco, Addison Consultancy, Readicut, John Crowther, FKI Electricals, Thomas Marshall (Loxley), Hanson Trust, Bridon, Polly Peck, Wade Potteries, Rotaprint, Stormguard, Fobel, GEC, Blacks Leisure, Feedex, Coloroll, Johnson and Firth Brown, Chloride, Burns Anderson, Charles Church, CH Industrials, Regina Health and Berkeley and Hay Hill. Puts were arranged in Peck Holdings, Polly Peck and Johnson and Firth Brown, while a double option was transacted in Wellcome.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	6,100	174	+6	Jaguar	3,600	534	−21
Allied Lyons	2,000	430	−1	Ladbroke	4,200	417	+19
Amstrad	1,400	207	—	Land Securities	2,600	485	+8
Assoc. Brit. Foods	1,700	397	−6	Legal & Gen.	349	907	−1
Argyll Group	2,200	458	−7	Lloyds Bank	640	554	+4
BAT	2,000	548	—	Lonrho	816	299	—
BET	1,300	267	+2	MEPC	773	455	−2
BOC	2,300	471	−10	Marks & Spncr	1,700	254	+3½
BPB Inds	317	771	−4	Midland Bank	2,500	688	+10
BPCC	362	318	−1	NatWest Bank	4,600	673	+15
BTR	2,500	315	−5	Next	300	347	+2
Barclays	1,800	562	+4	Pearson	131	625	—
Bass	653	£10⅛	+⅛	P & O	1,700	672	+12½
Beecham	1,100	517	−3	Pilkington Bros	409	854	−4
Blue Circle	95	907	−6	Plessey	2,100	234	+1
Boots	3,800	308½	+6	Prudential	428	938	−4
Brit. Airways	6,300	164	−3	Racal	8,800	257	+8
Brit. Aero	1,600	645	—	Rank Org	154	754	—
Brit. & Comm.	167	434	−5	RHM	55	326	−1
Brit. Gas	33,500	113½	−½	Reckitt & Col	454	£11⅛	—
Britoil	2,500	267	−7	Redland	1,200	492	+2
BP	9,900	348	−4	Reed Intl.	684	446	−2
Brit. Telecom	4,700	305	−3	Reuters	581	691	−3
Bunzl	317	250	+1	RMC	113	905	+8
Burton	4,500	315	+2	RTZ	2,100	£11⅛	+⅜
Cable & Wire	4,600	411	+6	Rowntree Mac	152	530	−5
Cadbury Schwps	507	252	−2	Ryl Bank Scotland	4,400	343	+15
Coats Viyella	598	632	+6	Royal Insurance	500	935	+5
Comm. Union	1,300	332	+1	STC	2,200	299	−1
Cons. Gold	1,300	£10⅝	+¼	Saatchi & Saatchi	625	630	—
Cookson	197	684	−10	Sainsbury	430	555	—
Courtaulds	1,600	448	+11	Sears	10,000	162¾	+7
Dee Corpn	4,100	241	−3	Sedgwick	1,200	309	−7
Dixons Grp	2,200	394	—	Shell Trans	3,200	£13⅞	−⅛
English China Clays	414	458	+1½	Smith & Nephew	1,100	164½	—
Fisons	438	706	−3	Standard Chart.	626	815	+7
Gen. Accident	447	963	+8	Storehouse	1,600	319	+6
Gen. Elect	42,000	242½	+8½	Sun Alliance	606	856	+8
Glaxo	903	£15⅝	−⅛	TSB	5,400	89½	−½
Globe Investment	348	166½	−1	Tarmac	1,400	568	+10
Granada	1,000	359	+4	Tesco	15,000	529	−14
Grand Met	1,300	528	—	Thorn EMI	2,000	683	−4
GUS "A"	305	13⅞	+⅛	Trafalgar House	466	367	−1
Guardian R.E.	737	939	+15	T'house Forte	1,200	242½	−3½
GKN	1,900	329	+2	Unigate	172	396	−3
Guinness	7,300	350	+5	Unilever	1,600	£30⅜	+1¼
Hanson Trust	7,900	167½	−3½	United Biscuits	412	306	−½
Hawker Sidd	780	516	+2	Wellcome	3,700	459	+15
Hillsdown Hlgs	1,100	282	−2	Whitbread "A"	1,600	366	−1
ICI	1,500	£13⅞	−⅜	Woolworth	1,600	864	+3

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	4	104	5
Corporations, Dominion and Foreign Bonds	9	24	33
Industrials	513	453	582
Financial and Properties	175	183	236
Oils	21	34	58
Plantations	4	2	8
Mines	80	25	81
Others	38	130	75
Totals	844	955	1,078

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Monday May 18 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Fri May 15 Index No.	Thurs May 14 Index No.	Wed May 13 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (211)	921.37	+0.3	7.23	2.88	17.51	9.07	918.53	913.88	908.79	708.56
2 Building Materials (27)	1162.97	+0.4	7.13	2.86	17.63	9.58	1158.75	1146.19	1140.14	786.40
3 Contracting, Construction (33)	1543.62	+0.4	7.44	3.09	18.06	18.65	1537.37	1514.18	1505.66	1166.06
4 Electricals (13)	2365.42	+1.4	5.65	3.27	23.78	31.62	2333.91	2326.50	2330.65	1922.37
5 Electronics (36)	2134.95	+1.6	6.98	2.05	18.89	12.00	2100.43	2106.64	2073.19	1630.12
6 Mechanical Engineering (59)	505.69	−0.2	8.32	3.42	15.31	7.03	506.57	501.85	500.36	404.01
8 Metals and Metal Forming (7)	498.04	−0.1	7.47	3.12	16.16	5.36	498.53	497.66	497.76	346.18
9 Motors (15)	336.38	−1.1	9.00	3.16	12.80	3.24	340.30	338.46	336.61	282.83
10 Other Industrial Materials (21)	1505.80	−0.9	6.13	3.28	19.57	18.43	1519.61	1517.62	1524.66	1276.60
21 CONSUMER GROUP (185)	1268.31	+0.5	6.02	2.55	21.43	8.29	1261.62	1257.72	1251.20	881.06
22 Brewers and Distillers (22)	1181.71	+0.3	7.54	2.90	16.85	5.09	1178.12	1170.47	1164.63	903.04
25 Food Manufacturing (25)	973.57	+1.3	7.16	3.04	18.40	10.90	961.42	954.10	948.46	646.01
26 Food Retailing (15)	2380.05	−0.8	5.47	2.35	25.08	11.45	2398.82	2394.72	2370.88	1826.70
27 Health and Household Products (10)	2371.08	—	4.13	1.64	28.41	8.73	2371.80	2368.03	2329.55	1484.39
29 Leisure (31)	1316.41	+0.3	5.90	3.23	22.34	14.64	1312.67	1307.85	1312.74	855.49
31 Packaging & Paper (15)	659.64	+0.3	5.96	2.50	21.87	4.97	657.97	652.01	646.10	447.45
32 Publishing & Printing (14)	3731.88	−0.4	5.81	3.03	22.02	33.22	3747.29	3747.42	3762.88	2296.38
34 Stores (37)	1107.04	+1.6	6.03	2.54	22.61	6.56	1089.58	1089.70	1092.63	856.38
35 Textiles (16)	737.80	+1.3	7.88	2.77	14.63	5.63	728.25	727.42	725.07	506.13
40 OTHER GROUPS (87)	1071.26	−0.5	7.63	3.12	16.51	8.19	1076.13	1070.35	1065.80	772.33
41 Agencies (17)	1471.59	+0.1	4.83	1.70	27.74	8.06	1470.32	1457.45	1464.34	0.0
42 Chemicals (21)	1301.31	−1.1	7.55	3.33	16.23	18.71	1316.26	1314.14	1315.94	849.63
43 Conglomerates (11)	1331.62	−1.0	6.74	3.20	17.45	7.75	1344.95	1322.55	1310.13	0.0
45 Shipping and Transport (11)	2189.59	+0.7	6.98	3.62	18.22	23.04	2174.47	2170.49	2159.67	1526.93
47 Telephone Networks (2)	1177.23	−0.5	7.94	3.18	17.16	1.09	1183.46	1181.86	1172.65	885.50
48 Miscellaneous (25)	1411.25	+0.1	9.32	3.10	12.84	17.56	1409.49	1399.52	1394.29	996.63
49 INDUSTRIAL GROUP (483)	1138.37	+0.2	6.76	2.79	18.84	8.72	1136.03	1131.25	1125.57	819.38
51 Oil & Gas (17)	2098.16	−0.9	5.47	4.40	23.67	37.06	2117.99	2118.84	2065.76	1185.87
59 500 SHARE INDEX (500)	1219.74	—	6.57	3.03	19.43	11.20	1219.33	1215.05	1205.27	851.85
61 FINANCIAL GROUP (117)	749.66	+0.6	—	3.90	—	11.06	745.24	737.20	737.23	588.47
62 Banks (8)	802.14	+1.3	17.64	4.67	7.50	15.49	791.96	778.05	777.91	625.08
65 Insurance (Life) (9)	1032.09	−0.3	—	4.08	—	20.71	1034.78	1022.44	1031.19	804.11
66 Insurance (Composite) (7)	551.53	+0.8	—	4.44	—	11.76	547.05	537.65	546.65	487.33
67 Insurance (Brokers) (9)	1204.76	−0.7	8.96	4.47	14.34	22.64	1213.38	1215.16	1238.84	1174.46
68 Merchant Banks (11)	387.87	+0.6	—	3.23	—	2.91	385.45	384.93	380.66	349.43
69 Property (46)	1121.60	+0.6	4.10	2.60	31.47	4.36	1114.51	1111.70	1094.79	753.34
70 Other Financial (27)	479.23	−0.2	6.89	3.24	18.47	3.23	480.30	476.78	473.62	343.15
71 Investment Trusts (94)	1001.30	−0.5	—	2.34	—	6.68	1006.69	1009.71	1004.07	735.43
81 Mining Finance (2)	541.81	+3.1	5.64	3.07	20.84	6.79	525.70	507.11	505.71	285.27
91 Overseas Traders (11)	1045.79	+0.2	8.71	4.28	13.88	14.27	1043.43	1040.57	1034.01	684.30
99 ALL-SHARE INDEX (724)	1093.66	+0.1	—	3.14	—	10.93	1092.15	1086.94	1079.68	775.83

	Index No.	Day's Change	Day's High	Day's Low	May 15	May 14	May 13	May 12	May 11	Year ago
FT-SE 100 SHARE INDEX ‡	2192.1	+2.4	2195.9	2173.4	2189.7	2180.0	2163.4	2143.3	2163.3	1573.1

FIXED INTEREST

PRICE INDICES	Mon May 18	Day's change %	Fri May 15	xd adj. today	xd adj. 1987 to date
British Government					
1 5 years	124.86	−0.19	125.10	—	4.38
2 5-15 years	145.70	−0.36	146.23	—	5.03
3 Over 15 years	155.35	−0.41	155.98	—	5.16
4 Irredeemables	168.66	−0.60	169.67	—	6.07
5 All stocks	141.49	−0.32	141.95	—	4.88
Index-Linked					
6 5 years	122.79	−0.01	122.80	—	0.83
7 Over 5 years	119.91	−0.61	120.64	—	1.17
8 All stocks	119.95	−0.56	120.62	—	1.13
9 Debentures & Loans	125.56	−0.26	125.89	—	3.79
10 Preference	87.94	+0.37	87.62	—	2.77

AVERAGE GROSS REDEMPTION YIELDS	Mon May 18	Fri May 15	Year ago (approx.)
British Government			
1 Low Coupons 5 years	7.73	7.68	7.77
2 Low Coupons 15 years	8.75	8.70	8.79
3 Low Coupons 25 years	8.76	8.72	8.81
4 Medium Coupons 5 years	8.74	8.63	8.95
5 Medium Coupons 15 years	8.96	8.91	9.12
6 Medium Coupons 25 years	8.97	8.92	9.13
7 High Coupons 5 years	8.88	8.79	9.09
8 High Coupons 15 years	9.09	9.03	9.25
9 High Coupons 25 years	8.93	8.88	9.17
10 Irredeemables †	8.82	8.77	8.72
Index-Linked			
11 Inflat'n rate 5% 5 yrs	2.23	2.22	3.54
12 Inflat'n rate 5% Over 5 yrs	3.52	3.48	3.26
13 Inflat'n rate 10% 5 yrs	1.75	1.74	2.33
14 Inflat'n rate 10% Over 5 yrs	3.42	3.38	3.09
15 Debs & Loans 5 years	9.66	9.61	10.13
16 Debs & Loans 15 years	10.02	9.99	10.07
17 Debs & Loans 25 years	10.07	10.04	10.01
18 Preference †	10.29	10.33	10.76

‡Opening index 2179.4; 10 am 2175.6; 11 am 2177.0; Noon 2190.4; 1 pm 2193.9; 2 pm 2194.8; 3 pm 2190.5; 3.30 pm 2191.9; 4 pm 2192.4

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons (*429)	360	70	83	93	1	5	7
	390	45	62	73	5	10	13
	420	30	42	50	17	20	23
	460	9	22	30	42	45	48

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Guinness (*340)	280	67	75	83	0½	2	4
	300	47	60	70	1	6	11
	330	17	37	48	1½	12	17
	360	3	22	35	18	30	35

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (Continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (Continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

Indices

NEW YORK — DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

TORONTO

[illegible]

MONTREAL Portfolio	(c)	1,881.87	1,903.21	1,907.68	1,936.0 (6/4/87)	1,534.3 (2/1/85)

* Indicates pre-close figure

SWITZERLAND Swiss Bank Corp (31/12/58)	588.80	596.2	598.60	599.00	603.3 (6/1)	564.5 (25/2)
WORLD M.S.Capital Intl. (1/1/70)	(u)	473.50	476.50	473.80	476.50 (8/5)	361.3 (2/1)

**Saturday May 2: Japan Nikkei 24,009.0 TSE 2,138.63

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
[illegible]	2,425,500	48⅝	+16¼	Ford Motor	1,522,200	91⅛	−2½
ATT	2,261,900	25	−¼	Texaco	1,411,500	35⅝	−½
Amer Expr	2,189,800	30⅝	−1⅝	Hosp Corp	1,385,800	42⅞	+⅝
IBM	2,185,600	160	−⅝	Gen Elec	1,333,900	101	−1½
USX Corp	1,531,900	31⅞	−⅛	Owens-Corn	1,263,400	25⅛	−1⅝

Advances 284 Declines 1,009

TOKYO — Most Active Stocks
Monday, May 18, 1987

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Nippon Steel	29.28m	358	−9	Tokyu Dep Store	13.37m	1,130	−29
Toyo Menka	23.27m	480	−5	Yamashita-Shin	12.63m	258	+12
[illegible]	14.68m	1,160	+18	[illegible]	12.58m	593	−27
[illegible] Steel	13.62m	480	−12	Mitsubishi	10.92m	1,580	−80
Mitsubishi Inds.	13.40m	563	−17	Mitsukoshi	9.44m	1,618	−58

LONDON — Most Active Stocks
Monday, May 18, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Gen Elect	42.8m	242½	+8½	Racal	8.8m	257	+8
Brit Gas	33.5m	113½	−½	Hanson Tr.	7.9m	187½	−3½
Tesco	15.8m	528	−14	Guinness	7.3m	350	+5
Sears	10.8m	162¾	+7	Brit Airways	6.3m	164	−3
BP	9.9m	348	−4	TSB	5.4m	89½	−½

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES:

A. C. Hldgs.	673	+58
ATA Selection	73	+7
Asda Prop	530	+17
BICC	382	+11
Dura Mill	217	+35
Fitch & Co.	412	+47
GEC	242½	+8½
Hallite	300	+50
Harv & Thomps	390	+25
Home Count	508	+40
Ladbroke	417	+19
Lorlin Elects.	223	+13
Marina Devel	133	+10
Met Bulletin	163	+20
Micro Focus	160	+12
Midsummer L	415	+22
Miller (Stan)	110	+15
P Knoll A	618	+75
Riley Leis	97	+21½
Robertson Res	151	+13
Royal B Scot	343	+15
Runciman (W.)	225	+9
SEET	158	+12
Vantage Secs.	201	+41

FALLS:

Caffyns	393	−22
Crystalate	266	−23
Jaguar	534	−21
Tesco	529	−14

OVER-THE-COUNTER
Nasdaq national market, closing prices

Continued from Page 45

[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

[illegible]

Continued on Page 45

هكذا من الأصل

NYSE COMPOSITE CLOSING PRICES

Continued from Page 44

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24½	13⅝	ParkEl .16		.7	20	16	22½	22¼	22¼	−½
7⅞	2⅞	ParkDri(01)		.1		580	6⅞	6⅝	6⅞	+⅛
37⅞	20¼	ParkHn .80		2.3	18	1049	35¼	34½	35¼	+½
4¼	2⅝	PatPtr				130	4¼	4⅛	4¼	+⅛
28	11⅛	Pattan a.98t		5.4	17	417	19⅛	17¾	18¼	−⅝
20⅞	9½	PayNP .40		2.0	36	90	20½	20¼	20½	+¼
27	15⅞	PayCsh .16		.8	16	1497	20⅝	20⅛	20¼	+⅛
62½	52¾	PenCen .05		.1	16	1888	55⅞	56⅛	56⅝	−¼
52½	34½	Penneys			13	8864	45¾	43¼	45¾	−¼
43⅝	31⅞	PaPL 2.66		7.5	11	1495	35⅞	35⅝	35⅞	
54	46	PaPL pf4.50		8.8		z300	51	51	51	
101	72½	PaPL pr8.40		9.5		z550	88½	87½	88½	−½
88¼	78	PaPL pr 8		9.2		z550	87	86½	86½	+½
105	83	PaPL pr8.70		9.4		z500	93	93	93	
67	44	Penwlt 2.20		3.8	15	151	58⅞	58	58⅛	−⅞
38⅞	26	Penw pf1.60		4.8		41	33¾	33	33½	−½
95	49⅛	Pennzoil 2.20		2.7	41	936	81¾	80¼	80¾	−1
28¾	18½	PeopEn .44		6.7	12	438	21½	20¾	21½	+⅝
63	31⅞	PepBoy .24		.5	29	445	46⅜	44⅛	44⅜	−1⅞
35¾	24½	PepsiCo .58		2.2	18	5795	31¼	30¼	30⅞	−½
13⅛	10⅝	PerkF n.55e		5.1	24	33	11	10⅝	10¾	−¼
41⅛	23⅛	PerkEl .80		1.8	27	1920	37¼	36¼	37	−⅛
7⅞	5½	Prmian .41e		5.8	9	687	7⅛	6¾	7⅛	+¼
20⅞	12	PeryDr .22		1.8	35	x136	12¼	12	12⅛	−⅛
35¾	23¾	Petrie .70		2.4	18	414	29¼	28⅞	29	−⅛
21¼	19¾	PtPar n				293	20⅛	19¾	20⅛	+⅛
33	26	PetRs 2.57e		8.1		37	31⅞	31½	31⅞	+⅛
20	15⅞	PetRs pf1.57		9.1		29	17¼	17	17¼	+⅛
3	1	Ptrinv .20e		15.		641	1⅜	1¼	1⅜	
77	56¼	Pfizer 1.60		2.8	16	7071	65	62½	63⅝	−1⅛
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
		Rymer pf1.17		10.		16	12	11¾	11¾	−¼
		S S S								
		SL Ind .17b		1.6	13	2	10⅝	10⅝	10⅝	
		SPSTec .96		2.3	15	5	41¾	41⅝	41⅝	
		SSMC n				192	21¼	21	21	−⅛
		Sabine .05		.2		82	17	16⅝	16⅝	−⅜
		SabnR 1.24e		9.6	8	36	13⅛	12⅞	12⅞	
		SfgdSc			14	18	16¾	16½	16⅝	
		SfgdS wi				45	5⅜	5½	5⅜	
		Safwy s .24		.9	30	1325	28	27⅜	27¾	−½
		StJoLP 1.95		5.8	9	184	34⅛	33⅞	34	
		vjSalant			10	28	11⅛	11⅛	11¼	−⅛
		SallieM .36		.5	21	975	73¾	71	71¾	−1⅞
		SallM pf2.51e		5.0		6	50½	50½	50½	+⅛
		Salomn .64		2.0	10	7132	33⅛	d32¼	32½	−1
		SDieGs 2.50		7.7	10	1735	33¼	32⅝	32⅝	−⅛

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
18	14	TWA pf2.25		14.		129	16¼	16⅛	16½	−¼
38¼	31¾	Transm 1.76b		5.5	7	1498	32¼	d31⅝	32	−¼
25⅝	23	TranInc 2.28		9.7		22	23¾	23½	23⅝	
16½	11⅛	TrnCdag 1.12				54	14¼	14⅛	14⅛	−⅛
18⅛	12	Trnscap			4	249	14⅛	13⅞	13⅞	−⅛
52	36	Transco 2.72		6.3		654	43⅝	42⅞	43	−⅝
57½	48⅝	Trnsc pf4.75		9.1		9	52¾	52	52	−¾
18¼	11¾	TranEx 1.76		11.		166	16⅝	15⅝	16⅝	
10⅞	5⅞	Transcn				45	6½	6⅜	6⅜	
103½	97½	TrGP pf8.64		8.9		z120	96½	96½	96½	
27⅛	25	TrGP pf2.50		9.7		1	25¾	25¾	25¾	
53½	42½	Travler 2.28		5.2	10	2009	44¼	43⅝	43⅝	−⅝
61¼	52	Trav pf4.16		7.9		40	52⅝	52⅜	52⅝	−⅛
33	25½	TriCon 5.35e		17.		300	31¼	31	31⅛	−⅛
35¾	29¼	TriCn pf2.50		8.3		25	30⅜	30	30¼	+⅜
39¾	20⅞	Triain s .12		.4	12	1978	33⅝	31⅞	32⅛	−1⅛
40¾	28¾	Tribun s .60		1.7	14	2286	36¼	34½	35½	−½

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
58¼	55	Xerox pf5.45		9.8		1821	55¾	55⅝	55¾	+⅛
28¾	21½	XTRA .64		2.5		87	26⅞	25⅝	25⅝	−⅜
24½	13½	Yorkin			15	109	23¾	23½	23½	−⅜
6	2¼	Zapata				474	5	4¾	5	+⅛
43⅞	20¾	Zayre s .40		1.7	15	4900	24½	23½	24	−¾
14¾	9¾	Zemex .40		3.2	8	9	12⅝	12½	12⅝	+⅛
29⅝	18⅞	ZenithE				846	29	28⅛	28½	−⅜
17½	8	ZenLb s				1427	10⅝	10⅞	10¼	−½
19⅜	12⅜	Zero .36		2.0	18	97	17⅞	17⅜	17¾	−⅛
51¾	32¾	Zurnin 1.32		2.9	18	113	45⅝	45⅛	45½	−¼
10⅝	8¾	Zweig n.10e		1.1		1101	9⅛	9	9⅛	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					
Adapt	18 116	15¼	14¼	14¼	−1
Adias .10	28 13	23½	23½	23½	
AdobSs	96 2381	51½	46½	51	
AdvTel	32 908	21¼	21	21	
AdvoSy	363	7⅝	7	7⅛	−⅝
AgcyRs t	24 1047	20¼	19¾	20¼	
Agnicog .20	302	30¼	29⅞	30	−⅛
AirWisc	234	9½	9⅜	9½	+⅛
AlaFdl .12e	5 56	24	23½	23¾	−¼
AlcoHlt	15 84	19¼	18⅞	18⅞	−⅜
AlexBr .16r	12 319	30	28½	28½	−1½
AlexBs 1.35	13 464	51	48	48½	−2
AllAm	39 19	13¾	13½	13½	−¼
AlegW .30	11 48	27	26½	26½	−⅞
AllegBv	1682	12¼	11¾	11⅞	−¼
Allient	86 176	34¼	33⅛	33½	−¾
AlldBn	2364	10¼	9½	9⅞	−¼
Altos	24 622	13⅝	13	13¼	−½
Amcast .44	10 178	11¾	11	11¾	+¼
AWAirl	1318	8¾	8½	8⅝	−⅛
ABnkr .50	6 187	12¾	12½	12½	−½
AmCarr	12 581	9⅜	9⅛	9¼	+⅛
AContls	7 182	10¾	10	10	−⅛
AGreet .66	13 4155	27½	25⅝	25⅞	−1½
AminLf .40	9 164	12½	12⅛	12¼	−⅛
AMSs	35 233	37¾	37	37¼	−½
ANtlns 1.32	5 224	33¼	d32¼	32¾	−½
ASvNY .30e	5 270	16½	16⅛	16⅛	−⅜
ASNYpf1.81	72	21⅜	21⅜	21⅜	
ASofts .12	19 1116	17	15½	15⅞	−1⅜
ATvCm	72 592	20⅞	20¾	20⅞	+⅛
AmPtFd	694	11	10¼	10½	−⅜
Amrltr 1.78	12 713	49¾	49⅜	49⅜	−¼
Amgen	588 902	39¾	38½	39¾	+¼
[illegible]					
ChldWld	18 87	16¾	16½	16¾	−¼
Chilis	27 484	32	31⅜	31¾	−⅛
ChipsTc	2950	u36¼	25	35½	+4¾
Chiron	1220	35½	34¾	35½	−¼
Chronr	71	13	12⅝	12⅝	−⅛
ChrDwt .21	30 128	15	14⅞	15	
CinnFn 1.52	10 73	61¾	d60¾	60¾	−1¼
Cintass	16 123	32½	31½	31½	−1½
Cipher	22 616	13	12¼	12⅜	−¾
CirclEx	18 96	12¼	11¾	11¾	−½
CtzSoCp 1	9 995	24⅞	23⅞	23⅞	−¾
CtzFGp1.08a	5 x477	20	19¼	19¼	
CtzSNY	73	9½	9½	9½	−¾
CtzU As t	20 52	28¼	27¾	27⅞	−⅛
CityFed .40	7 298	8¾	8⅝	8⅝	−⅛
CtyNCs .64	14 361	26	25¼	25¾	−½
ClarkJ .96	13 182	27¼	26¾	27¼	+⅜
Cloth	21 641	17¾	16¾	17¼	−⅜
CoOpBk.32e	69	17¾	17¼	17½	−⅜
CoastF	9 227	14⅝	14⅜	14⅝	+¼
CoatSl	28 426	11	10⅝	10⅞	−⅛
CobeLb	16 445	23	21¼	22	−¾
CocaBtl .88	93	32¼	31½	31½	−¾
Coeur t	1202	32	31	31¼	
Cohernt	152	11¾	11⅜	11⅜	−¼
Colagns	42 301	12	11⅜	11⅜	−½
ColFdls	309	11⅞	11	11¼	−⅝
ColnGp .40	10 57	18½	18	18½	
ColoNt	563 37	11½	11⅛	11¼	
Comcsts .12	675 285	20¼	20	20¼	+⅛
Cmcstsp .12	237	19	18⅝	18¾	−¼
Cmeric 2.20	9 725	58½	56	56⅝	−1⅝
CmClr 1.28	22 388	62	60	61½	−1
CmceU .72	11 405	27½	26⅝	26⅞	−⅞
[illegible]					
FExpfE2.12e	14	23⅛	23	23⅛	
FExpfF2.88	29	25	24¾	24¾	
FExpfG	266	19⅜	19⅛	19⅛	−⅜
FFMic .23e	3 641	23⅞	23½	23¾	
FFdlCal	6 459	23¼	22	22	−1¼
FFtMs .40	6 104	24	23½	23½	−¾
FFdPR	217	11⅛	d10	10½	−⅞
FtFMgs	20 77	23¾	23¼	23¼	−¾
FtFlBk .72	10 18	30¼	30¼	30¼	−¼
FtHaws .90	12 89	28¼	27¼	27¼	−1
FtllCps .44	17 435	15⅛	15	15⅛	+⅛
FJerN 1.80	11 104	51¼	51	51¼	+⅛
FtKyNt .84	9 257	22½	d21½	21½	−¾
FMdBs 1	12 412	35¾	34⅜	34⅝	−1⅛
FtMtSs	17 81	20	19¾	19¾	−¼
FNCinn1.56	12 85	40	39	39½	−1
FNHBs .60	13 10	33	32	32	−1
FtSFla .80	31 35	39⅜	39⅜	39⅜	
FSecC 1.10	59 62	25½	25	25½	+⅜
FtSvBk	312	13½	12¼	13¼	+¼
FTenns 1.16	9 234	29⅞	29⅜	29⅝	−⅛
FstUCs .80	9 5303	25¼	24½	24⅝	−½
FtWFn .28	5 1034	8⅝	8⅜	8½	−⅛
Firsters1.10	12 15	31	30½	30½	−¼
FlaFdl	92	15⅞	15⅜	15⅜	−½
FlaNFs .44	18 346	21⅜	21¼	21⅜	
Fonar	10 499	6⅛	6	6⅛	
FLioAs .14	37 393	14¼	13¾	14	−⅜
FLioBs .13	39 490	15⅜	15	15	−½
ForAm .96	18 56	33	32½	32½	−½
FortnF .15e	6 59	22	21½	22	
Forums .06	17 1369	5½	5⅜	5⅜	
FramSv	143	14	13¼	13¾	−¼
Fremnl .60	9 393	16¼	15⅞	16	−¼
[illegible]					
Karchr	398	20¾	20¼	20⅜	−¼
Kaydon .05e	19 313	28½	26	26	−½
KlySvA .70	22 131	53	52	52	
Kemps .80	7 3188	29½	28½	28⅝	−⅞
KyCnLs	8 368	15	14¾	15	
Kinders .32	17 2396	15½	15	15	−⅜
Kruger .40	18 706	19⅞	19½	19⅞	+¼
Kulcke	392	12⅞	12⅝	12¾	
L L					
LAGear	206	11¾	11¼	11¼	−½
LSI Lg	167 3923	13⅞	13⅛	13⅜	−⅝
LTX	975	15½	15	15¼	
LaPetes	30 649	16⅝	15⅞	16	−¼
LaZ By 1.60	15 109	78½	77½	78½	
LadFrs .12a	18 238	23½	22⅝	22⅞	−⅝
Laidlw .20	29 122	26¾	25¾	25¾	−¾
LdlTB s	37 680	15⅝	15¼	15½	
LamRs	375	9	8¾	8¾	−⅛
Lancsts .64	14 103	20½	20	20	−½
Lance 1.16	18 159	40½	39¾	40	−¼
LndEnd .10e	24 633	40	39¼	39¾	
LawrSv	125	14	13⅝	13⅝	−⅜
Lawsns .28	20 1481	26¾	26¼	26½	+¼
LeeDta	15 502	6⅝	6¼	6¼	−⅛
LleTch	40 158	14¼	13¾	13¾	−¼
LinBrds	15 1170	35⅞	34	35⅛	−¾
LnFlms	15 444	11½	11	11½	+½
LinearT	62 98	13¼	13	13	−½
Liposm	60	7⅛	7	7⅛	
LizCla .35	27 6665	60	57¾	58¾	−⅜
LoneStr	300 1384	15⅛	14¾	15	−⅛
LongF 1.60	13 730	58¼	54	56¼	
Lotuss	30 11415	34¾	32½	33¼	−1⅛
[illegible]					

Continued on Page 43

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Worries recede as dollar begins to firm

WALL STREET

CONTINUING WORRIES about inflation drove down Wall Street bond and stock prices yesterday morning but a stable dollar helped both markets recover later, *writes Roderick Oram in New York.*

Bond prices were off as much as ⅝ of a point by mid-morning after trading even lower overnight abroad. The recovery, which was helped by a sharp fall in commodities futures prices, came despite signs that the Fed might be tightening its policy a fraction.

The Dow Jones industrial average closed down 13.86 points at 2,258.66. At its worst it had been down nearly 40 points below its previous close. The decline was broad based with the Standard & Poor's 500 index losing 0.78 points to 286.65 and the New York and American stock exchange indices giving up 0.90 to 161.45 and 2.25 to 329.92.

NYSE volume was moderately heavy at 175.3m shares with declining issues swamping those advancing by a ratio of three-to-one.

The most spectacular performer was Harcourt, Brace, Jovanovich, which soared $15½ to $46 on 3.5m shares. The leading publisher rejected a $44 a share takeover offer from BPCC, the main vehicle of Mr Robert Maxwell, the British publishing magnate.

Canada was closed for the Victoria Day holiday.

USAir fell $2⅜ to $41½ after announcing a share issue which will increase its capital by 10m shares to 37m.

Allegis, the parent of United Airlines, fell $1½ to $70⅞ on moderately heavy trading. The price had risen sharply in recent days on takeover speculation.

The airline sector generally was lower. AMR, parent of American Airlines, fell $1⅞ to $53⅛, Trans World lost $¾ to $27⅞, NWA, parent of Northwest Air which called yesterday for wage cuts, fell $1¼ to $63¾, Texas Air dropped $2⅛ to $39¼ on the American Stock Exchange and Delta Air Lines gave up $⅞ to $52¼.

Hospital Corporation of America gained $2¼ to $44¾. It said it was studying the spin off of 100 of its 180 hospitals to an employee owned company.

Among several technology stocks downgraded by analysts yesterday, Amdahl, a computer manufacturer, fell $2¼ to $36½, and Motorola dropped $2⅞ to $56⅛.

The sector was generally mixed with Digital Equipment down $1¼ to $158¾, Unisys off $1⅞ to $114⅞ and Cray Research falling $1⅜ to $113½ while IBM rose $½ to $161⅛.

Among companies reporting higher quarterly earnings, K mart, the second-largest US retailer, rose $1⅞ to $60⅞ and Caesars World, the casino group, gained $1 to $32½.

Unilever, the Anglo-Dutch food and consumer products group, soared on news of a 48 per cent rise in first-quarter earnings. Unilever NV, the Dutch half, rose $17½ to $317, and Unilever plc, the UK arm, added $12½ to $205.

American Savings and Loan Association of Florida jumped $1⅜ to $14⅞. Mr Ted Arison, a Miami investor, was considering a $17-a-share offer for the thrift institution.

Holly Sugar, the leading beet sugar processor in the US, fell $1 to $103. It received an increased takeover offer of $40 cash and $90 in preferred shares for each common share from Arcanum 1 Partners, an investment group.

Credit markets opened weaker with bond prices falling as much as ⅝ of a point by mid-morning before a stable dollar and a sharp drop in commodities futures prices helped them recover their losses. The price of the 8.75 per cent benchmark 30-year Treasury bond finished the day up 1/16 of a point at 98⅝ yielding 8.88 per cent.

Traders were surprised when the Federal Reserve failed to supply reserves to the financial system through market operations. Although some technical factors were at work, it was widely felt that the Fed was signalling a slight firming in its monetary policy. None the less, the Fed funds rate at which banks lend reserves to each other rose only fractionally to 6⅞ per cent.

Signs of an upturn in inflation continued to depress bond markets although a little comfort was drawn yesterday from April's industrial utilisation rate which fell 0.4 per cent to 78.9 per cent from March's level. It was the third monthly fall and indicated that industrial production bottlenecks should be rare and thus not a contributing factor to inflation.

But the further evidence of a slowdown in the economy underscored the dilemma facing the Fed's policy-making market committee which meets today. On the one hand the increase in inflation and the weak dollar would justify a discount rate increase while on the other sluggish economic performance would warrant a cut

Peter Ungphakorn in Bangkok on how foreign interest has helped inspire a record-breaking rise

Thai exchange strives for boom without bust

DR MARUEY Phadoongsiddhi, president of the Securities Exchange of Thailand (SET), was almost too busy last Wednesday to notice that the SET index of share prices had hit an all-time high, continuing a steady climb that started last July amid growing interest from foreign investors.

First thing in the morning he suspended trading in a finance company's shares because of suspected price manipulation. For most of the day's two-hour trading session he showed a group of officials from Shanghai around the exchange.

He had lunch at the Bank of Thailand, the country's central bank, and spent the afternoon at meetings discussing the evidence of manipulation and how to handle the suspension. In between he briefed journalists.

He regards all of those as essential tasks. The internationalisation of stock markets has increased the stream of visitors and capital from abroad, capital regarded as an important stimulus as well as a stabilising factor for the SET.

At the beginning of 1986 foreign investment accounted for only 2 per cent of trading on the SET. By the end of the year it had risen to 8 per cent and is now running at about 10 per cent. The SET hopes Baht 6bn ($234m) of business this year will come from abroad.

Much foreign investment is by institutions with longer-term profit horizons. This is good for stability, an important concern given the market's history. The previous record high was set on November 24, 1978 at 266.20. Almost immediately prices plummeted with the collapse of Raja Finance.

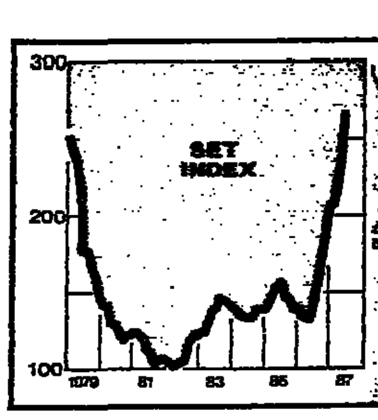
The index reached a low of about 130 last June, from which it has doubled in the past 10 months.

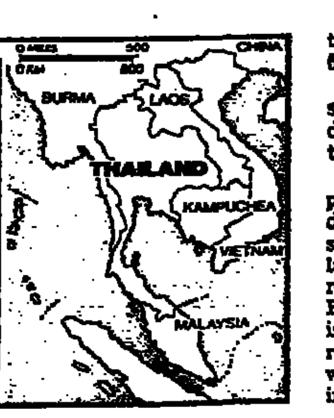
Analysts say the 1978/79 crash is unlikely to be repeated because the economy and quoted companies are generally stronger. But the authorities detected a marked increase in speculative trading as the index approached the 8½-year record and Dr Maruey issued a warning against speculation. The record was broken on Wednesday but the brakes had been applied.

Some analysts say the index should remain in the region of 265 to 275 for the time being. One suggested the SET's concern about speculation was unfounded: "There is absolutely no cause to begin thinking in terms of a sharp or drastic correction." Dr Maruey's concern is, however, clear. After spending much of its life in the doldrums, the 12-year-old stock market is on the move. Another bout of unsound and destabilising speculation would be disastrous.

However, no one wants to discourage investors. The development of the capital market is an important part of the latest five-year economic plan. Companies are being encouraged to reduce debt-equity ratios and overdraft financing.

For the first time this year, the exchange's targets are described in macroeconomic terms: the SET should represent 9 per cent of national savings and the capital market as a whole should be 7.5 per





cent of gross national product. Listed companies should on average have debts no more than double their equity.

Hence Dr Maruey's close co-ordination with the country's financial authorities, and his concern to create better public awareness and understanding of the market.

Lately there has been no need to encourage investors. Up to mid-1986 the economic picture remained grim by Thai standards with overall growth at around 3.5 per cent. Then it brightened, with growth this year forecast at 5 per cent or more, the highest in South-east Asia. Export industries had avoided much of the recession and begun to boom. Construction also recovered – important for the SET as well as the economy because the blue chips are either in cement or banking.

Oil prices fell, cutting production costs, as did interest rates which also made yields on the stock market more attractive. Some of this year's excess liquidity in the banking system of around Baht 40bn has been invested in the SET.

The Government recently replaced a progressive tax rate on dividends with a flat 15 per cent rate, increasing the market's attractiveness. Some would also like to see the concessionary corporate tax rate for quoted companies further decreased.

For foreign investors, Thailand's relative political calm has been as important as the economic performance. The baht has remained stable compared with the dollar and inflation should be no more than 2 per cent this year.

In comparison with other markets, the price/earnings ratios averaging about 14 are attractive. One view is that foreign capital will continue to flow in until p/es approach the levels in other markets, although not necessarily the 50s and 60s of Tokyo.

Some analysts warn that the SET should be judged by its own standards and that p/es of 20 might be too high for the present.

Dividend yields were high at 7 per cent last year and are now down to about 3 to 4 per cent, but still attractive. The Bank of Thailand recently speeded up earnings repatriation for foreign investors. Provided the initial import of funds is registered, foreign investors can repatriate earnings as soon as they want with a system of post-auditing.

But limits remain on foreign ownership, the precise level depending on the type of company.

Two funds for channeling foreign investment have been set up, both listed on the London stock exchange. The Bangkok Fund, with $25m, was set up by Merrill Lynch in September 1985 and is closely linked with Bangkok Bank, the country's largest.

The Thailand Fund was set up last December with $30m, managed by a Thai mutual fund and underwritten by the World Bank's International Finance Corporation, Morgan Stanley, Vickers da Costa and Banque International à Luxembourg.

However, the SET is still a tiny market dominated by three large banks and two cement companies. Capitalisation of the 93 securities is about Baht 100bn.

The SET needs more issues and more types of securities. Trading on a second board should begin within the next six to nine weeks in shares of about 18 companies which are allowed higher ownership concentrations than normal listed or authorised companies.

One of the main obstacles to increasing supply is lax accounting and auditing which allows many companies to report continual losses to the Inland Revenue Department while remaining in business for years. With differences in emphasis, various observers recommend more tax incentives, stricter control of accounting, and special self-assessment rights for quoted companies to overcome disclosure shyness.

Price manipulation and insider trading also remain problems. One analyst describes insider trading as "rampant" but it is difficult to tackle. Periodic warning notices and temporary suspensions alert investors and allow the SET to demand clarification from the companies concerned. Most regard these as appropriate levels of caution.

Meanwhile, Dr Maruey is hoping the political system can work out its strains without a military coup d'état, which, he says, could cause foreign investors to question whether Thailand will remain committed to free enterprise.

In a review of Thailand earlier this year, Vickers da Costa said: "An unexpected political upheaval – not rare in Thailand – would be about the only major negative which could upset the stockmarket."

New Zealand suffers biggest one-day fall

BY DAI HAYWARD IN WELLINGTON

THE NEW ZEALAND stock market yesterday suffered the biggest one-day fall in its history as the Barclays index of 40 leading shares fell 174.23 points to 2,813.68.

Investors, especially small private shareholders, rushed to offload holdings, and all the leading shares fell heavily.

Brierley Investments Limited (BIL), a market leader, fell 30 cents to NZ$3.30 ($1.90). Other leaders to fall were Equiticorp, down 60 cents to NZ$2.65, Capital Markets, 47 cents lower at NZ$3.05, Carter Holt, off 25 cents to NZ$430, and Robert Jones, down 36 cents to NZ$141.

Fletcher Challenge fared better than most of the big-name shares; dipping 15 cents to NZ$5.30.

There were 151 falls and only 30 gains.

One reason given for the near-panic selling was the distribution of an Auckland share tipsheet recommending that clients shed all their New Zealand holdings.

This came at a time of extreme nervousness. The market has fallen steadily since January 1 after reaching record heights last November. A week ago there were signs that it was bottoming out, but then last week it declined each day until on both Thursday and Friday it set new two-year lows.

On Friday, the index dropped through the 3,000 level which some brokers had seen as a psychological barrier, for a 4 per cent fall in the week and a 23 per cent drop since the first trading day of the year.

There was heavy trading on Friday in BIL, which was last year's glamour share.

Brokers had anticipated some further weakening of the market yesterday but were unprepared for the weight of selling pressure.

In last year's boom, thousands of small investors with little experience or knowledge of the stock market invested heavily in shares. Many borrowed to buy shares or options, anticipating further big profits. Now they are cutting their losses unwilling to sit out the fall.

Continued high long-term interest rates for deposit investments now look more attractive.

The slump in the stock market comes at a time when all the economic indicators are more favourable than they have been for almost two years. Conversely, last year's boom in share prices came when the economic indicators were all painting an alarming picture.

Brokers say there are now some good buys in the market especially in stocks that have fundamentally good earnings prospects. They anticipate the big institutions will move in to pick up some bargains as soon as they are sure the market has bottomed out.

SOUTH AFRICA

SUSTAINED interest in gold shares as well as in leading mining and industrials led Johannesburg stock indices to test new highs before profit-taking and a partial retreat in the bullion price eroded gains.

The firm trend was reflected in gold market indicator Vaal Reefs, which closed at R450, up R7. Randfontein put on R5 at R495, and Freegold was unchanged at R59.

De Beers, which often moves on currency factors, was unchanged at R42, reflecting a quiet trading day for the rand.

Mining houses were mixed, with Anglo American unchanged at R81.50 and Gencor up R2 at R61.

ASIA

Nikkei plunges on inflation fears

TOKYO

LIGHT institutional interest following Wall Street's sharp Friday fall and the re-emergence of inflation fears in the US led Tokyo prices lower in quiet trade, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average lost 430.05, its sixth-biggest ever daily fall, to close at 24,298.98. Volume fell to 662m shares from 1.06bn on Friday. Falls led advances by 596 to 306 with 121 issues unchanged.

On Friday, the Dow Jones industrial average suffered its fourth-steepest single-day fall and the yield on the three-year Treasury bond rose sharply to 8.95 per cent in New York trading, reflecting investors' wariness of a re-emergence of inflation.

This drove institutional investors in Tokyo to the sidelines while individual investors stepped up small-lot selling. Lingering concern about precariously high prices remained a damper.

On the trading floor, Nippon Steel topped the actives with 29.28m shares changing hands but fell Y9 to Y358.

Small-lot selling depressed other large-capital stocks. Nisshin Steel fell Y12 to Y400, Mitsubishi Heavy Industries Y17 to Y563 and Ishikawajima-Harima Heavy Industries Y40 to Y660.

Financial issues also fared poorly, with Sumitomo Bank shedding Y150 to Y4,750, Mitsubishi Bank Y130 to Y3,990, Tokio Marine & Fire Insurance Y80 to Y2,580, Mitsubishi Trust and Banking Y100 to Y5,500 and Nomura Securities Y100 to Y5,360.

Trading houses also weakened. They had drawn popularity since the beginning of last week on the strength of lower interest rates, but Mitsubishi Corp dropped Y80 to Y1,560, Marubeni Y27 to Y593 and C. Itoh and Co Y47 to Y870.

Recently selected housing-related stocks were heavily sold. Misawa Homes slipped Y200 to Y2,900 and Daiwa House Y70 to Y2,420. Construction issues were dull. Kajima Corp ended Y40 lower at Y1,970 while Taisei Corp dipped Y20 to Y1,250.

Blue chips came under small-lot selling pressure. Matsushita Electric Industrial, NEC and Fuji Photo Film lost Y60 each to Y1,580, Y1,600 and Y2,840, respectively. Sony finished Y30 lower at Y2,760.

Investors sold power and gas utilities, such as Tokyo Electric Power and Tokyo Gas, which closed Y210 and Y60 lower at Y8,190 and Y1,370, respectively.

Some issues with hidden incentives firmed. Shokusan Jutaku was bought as a lagging housing-related stock and was the third most active with 14.60m shares traded. The issue gained Y90 at one point but later selling left the stock just Y10 higher at Y1,160.

Yamashita-Shinnihon Steamship rose Y12 to Y250 on speculative buying while Hitachi Zosen ended Y11 higher at Y210.

Bond prices plunged as dealers and institutional investors stayed out of the market, discouraged by the declining US bond market.

Moves by the Bank of Japan and the Finance Ministry to curb speculative bond trading also dampened trading.

The yield on the benchmark 5.1 per cent government bond, maturing in June 1996, rose to 3.030 per cent from Friday's 2.800 per cent, recovering the 3 per cent level for the first time in two weeks.

AUSTRALIA

RENEWED demand for gold stocks offset weakness in the industrial and resource sectors in Sydney, taking the All Ordinaries index up 8.5 points to 1,858.9, a new high.

Buyers, both local and overseas, flocked back to gold following a $10 rise in the bullion price in New York on Friday on the back of fears about inflation.

Gold Mines of Kalgoorlie, Whim Creek and Nuigini Mining continued the strong run they had in London on Friday. Whim Creek rose A$1 to A$13.50, GMK added 60 cents to A$10.60 and Nuigini gained 30 cents to A$13.30.

Resource stocks were mostly weaker, but Pancontinental moved against the trend, closing 20 cents higher at A$4.40.

HONG KONG

WEAKNESS across the board during the morning session gave way to a late round of bargain-hunting in Hong Kong. Local traders revived prices initially marked down by selling among institutional overseas investors concerned about the stability of the US dollar.

After an initial loss of 30 points, the Hang Seng index gained 3.26 to 2,875.45. Cheung Kong rose 50 cents to HK$42.00, but Hong Kong Bank was off 10 cents at HK$8.35.

Among the Jardine group of companies, Jardine Strategic gained 20 cents to HK$11.20 and Jardine Matheson 10 cents to HK$18.10.

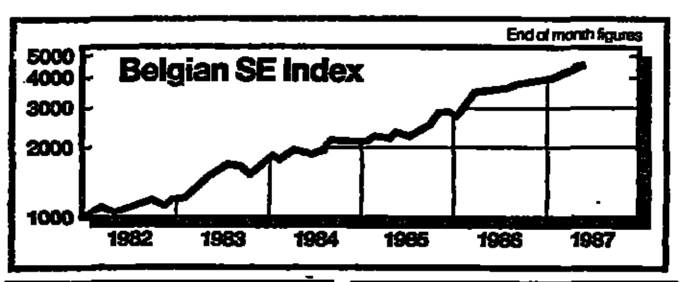
SINGAPORE

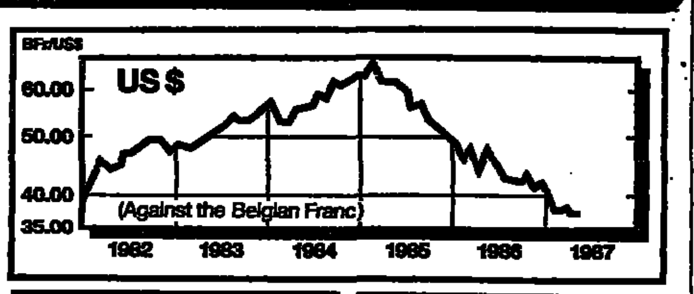
PROFIT-TAKING set in for the second consecutive session in Singapore in a technical correction following last week's dramatic jumps. But the absence of large selling orders lured buyers back to the market in search of bargains.

The Straits Times industrial index lost 10.23 at 1,198.93, but volume remained strong.

Among blue chips, DBS lost 30 cents to S$14.10.

KEY MARKET MONITORS





STOCK MARKET INDICES

	May 18	Previous	Year ago
NEW YORK			
DJ Industrials	2,258.66	2,272.52	1,759.80
DJ Transport	954.15	963.86	771.71
DJ Utilities	198.53	198.70	181.05
S&P Comp.	286.65	287.43	232.76
LONDON FT			
Ord	1,696.4	1,628.9	1,294.3
SE 100	2,192.1	2,068.5	1,564.9
A All-share	1,093.66	1,032.48	775.83
A 500	1,219.74	1,151.10	851.85
Gold mines	444.1	444.4	241.9
A Long gilt	8.93	8.90	9.17
World Act. Ind	132.95	134.02	89.67
(May 12)			
TOKYO			
Nikkei	24,298.98	24,729.03	15,739.0
Tokyo SE	2,139.36	2,176.79	1,240.74
AUSTRALIA			
All Ord.	1,858.8	1,848.5	1,194.3
Metals & Mins.	1,287.5	1,251.3	495.1
AUSTRIA			
Credit Aktien	186.58	188.38	254.34
BELGIAN SE			
	4,635.00	4,683.00	3,650.36
CANADA			
Toronto			
Met.& Mins.	(c)	2,838.9	2,040.0
Composite	(c)	3,813.6	3,044.3
Montreal			
Portfolio	(c)	1,881.07	1,539.74
DENMARK SE			
SE	–	204.50	225.21
FRANCE			
CAC Gen	428.70	435.20	406.6
Ind. Tendance	106.70	107.50	94.44
WEST GERMANY			
FAZ-Aktien	582.60	584.76	647.10
Commerzbank	1,762.00	1,767.0	1,960.2
HONG KONG Hang Seng	2,875.45	2,872.19	1,787.08
ITALY Banca Comm.	700.22	716.86	862.03
NETHERLANDS ANP CBS			
Gen	288.30	289.80	262.8
Ind	257.90	260.0	251.6
NORWAY Oslo SE	420.58	421.71	333.88
SINGAPORE Straits Times	1,198.90	1,209.16	593.55
SOUTH AFRICA JSE			
Golds	—	2,268.0	1,156.2
Industrials	—	1,950.0	1,169.6
SPAIN Madrid SE	223.70	(c)	169.90
SWEDEN J & P	2,586.50	2,647.0	2,331.83
SWITZERLAND Swiss Bank Ind	588.80	596.2	568.1

COMMODITIES (London)

	May 18	Prev
Silver (spot)	580.45p	476.00p
Copper (cash)	£922.50	£882.50
Coffee (July)	£1,372.00	£1,327.50
Oil (Brent)	$19.00	$18.60

GOLD ($/oz)

	May 18	Prev
London	$474.00	$454.25
Zürich	$475.25	$469.00
Paris (fixing)	$468.83	$464.19
Luxembourg	$476.15	$467.10
New York (June)	$473.8 *	$476.2

CURRENCIES (London)

	US DOLLAR May 18	US DOLLAR Previous	STERLING May 18	STERLING Previous
$	–	–	1.6840	1.6785
DM	1.7780	1.7850	2.995	2.985
Yen	139.95	139.80	235.75	234.50
FFr	5.9425	5.9475	10.075	9.9825
SFr	1.4600	1.4610	2.46	2.4525
Fl	2.0035	2.0060	3.375	3.3675
Lira	1,289.50	1,287	2,171.50	2,160
BFr	36.85	36.80	62.05	61.75
C$	1.3405	1.3400	2.2585	2.2468

INTEREST RATES

	May 18	Prev
Euro-currencies (3-month offered rate)		
£	8 11/16	8 11/16
SFr	3⅞	3⅝
DM	3⅝	3 11/16
FFr	8½	8 7/16
FT London Interbank fixing (offered rate)		
3-month US$	7 9/16	7⅜
6-month US$	7 13/16	7½
US Fed Funds	6⅞*	6 11/16
US 3-month CDs	7.15*	7.025
US 3-month T-bills	5.92*	6.15

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
June	89–20	89–21	88–13	88–28
US Treasury Bills (IMM) $1m points of 100%				
June	93.89	93.95	93.80	93.86
Certificates of Deposit (IMM) $1m points of 100%				
June	n/a	n/a	n/a	93.28
LONDON				
Three-month Eurodollar $1m points of 100%				
June	92.47	92.50	92.42	92.56
20-year Notional Gilt £50,000 32nds of 100%				
June	125–24	126–04	125–18	126–09

US BONDS

Treasury

	May 18 Price	May 18 Yield	Prev Price	Prev Yield
7¼ 1989	98 [illegible]	7.932	99 [illegible]	7.69
7 1994	91 [illegible]	8.616	92 [illegible]	8.40
8½ 1997	98 [illegible]	8.752	99 [illegible]	8.542
8¾ 2017	98 [illegible]	8.90	100 [illegible]	8.709

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return Index May 18	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.83	+0.12	6.66	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	6.71	–0.03
15–30	193.58	+0.59	7.78	–0.03

Source: Merrill Lynch

Corporate

	May 18 Price	May 18 Yield	Prev Price	Prev Yield
AT & T 3⅞ July 1990	93.06	6.50	92.97	6.40
SCBT South Central 10⅞ Jan 1993	103	10.17	103.25	10.12
Phibro Sal 8 April 1996	90.31	9.65	91.408	9.45
TRW 8⅞ March 1996	96.30	9.55	96.436	9.35
Arco 9⅞ March 2016	99.26	9.96	101	9.77
General Motors 8⅞ April 2016	83.15	9.90	84.25	9.77
Citicorp 9⅞ March 2016	90.23	10.45	91.49	10.30

Source: Salomon Brothers

* Latest available figures

CCF offer heavily in demand

By George Graham in Paris

THE FRENCH Government is to use its clawback option to reduce the number of shares offered abroad in the privatisation of Crédit Commercial de France, the banking group, after the offer for sale was subscribed 10.7 times.

The 15 per cent clawback was needed to allow 1.65m individual French subscribers to have their orders fully met up to a limit of 10 shares.

Finance ministry officials said yesterday they were pleased with the success of the offer. It is the first privatisation since that of St Gobain, the glass and packaging group, last year, where the Government has not had to scale orders down below 10.

French investors have grown accustomed to the overwhelming demand that swamped the privatisations of Paribas and Sogenal and have greeted the calmer success of CCF with some disappointment.

Over 90 per cent of the employees of CCF applied for shares in their company.

□ Shares and investment certificates in Agence Havas, the French media and advertising group which is due to be privatised next week, have been suspended from trading on the Paris bourse, the Finance Ministry said yesterday, Reuter reports.

A public sale offer price is due to be announced on Friday before the week-long flotation due to start on Monday.

EUROPE

Frankfurt dampened by regional poll results

GLOOM over Friday's Wall Street decline and the dollar's chronic weakness stifled institutional demand and largely depressing domestic news, leaving most European bourses lower in dull trade.

Frankfurt closed around the day's lows, subdued by international factors and the poor performance of the CDU party in regional elections. The Commerzbank index dropped 5.4 to 1,762.0. The market was also undermined by fears that a possible cut in US discount rates may deflect funds from the German bourse.

Banks continued to lose ground in the wake of Deutsche Bank's DM 1.17bn rights issue. It fell DM 10.50 to DM 594.50, while Dresdner lost DM 3.00 to DM 323.50 and Commerzbank DM 4.50 to DM 255.50.

Late foreign selling made inroads on blue chips. In cars, VW lost DM 4.50 to DM 349.00, Daimler DM 18.00 to DM 966.00 in advance of results expected this week, and Porsche DM 19.00 to DM 828.00.

Chemicals BASF and Bayer shed DM 2.30 and DM 2.00 to DM 276.50 and DM 306.20, respectively. Hoechst was down DM 5.40 at DM 274.40, and Schering continued its slide, by DM 4.30 to DM 529.20.

Linde, the engineering stock dipped DM 10.00 to DM 655.00 amid continued uncertainty over the group's bid for French company Duffour et Igon. Elsewhere in the sector, MAN fell DM 6.00 to DM 159.00, and Mannesmann edged DM 1.50 down to DM 164.00.

LONDON PEAKS

BUYING spurred by strong retail sales figures and improved prospects for a further cut in bank base rates helped London equity prices rally back to record levels, after a weak start inspired by the gloom cast by poor recent performances in Tokyo and New York.

The FT-SE 100 index rose 2.4 to a new peak of 2,192.1 after earlier falling 16 points. The FT Ordinary index added 4.8 to 1,696.4, also a new high.

Government securities slipped, despite sterling's strength, leaving the longer maturities ⅝ off on the session. **Details, Page 42**

Bonds eased slightly, undermined by falls in US bonds.

Amsterdam eased despite selective domestic and foreign demand and the tonic of Unilever's announcement of a 47 per cent rise in first-quarter profits. These better than expected results boosted the stock Fl 27.50 to Fl 633.50.

KLM also firmed in advance of next month's profit figures, which the market expects to be improved. It added 70 cents to Fl 46.90.

Zurich fell as investors remained deterred by the weak dollar. Engineering stock Brown Boveri's bearer shares, however, were an exception and rose SFr 10 to SFr 1,900 on news it would issue a bond with warrants offering shareholders favourable rights.

Banks, though, weakened, led by a SFr 120 fall in Union Bank bearer to SFr 4,600. Insurers and holdings also gave up ground.

Chemicals suffered from the soft dollar, with Sandoz SFr 300 down at SFr 11,500 and Ciba-Geigy off SFr 30 at SFr 3,150.

Brussels also eased, despite a 0.10 cut in domestic short-term Treasury certificate rates. Part of the market's softness was attributed, however, to its being the last day of the latest two-week trading account for the Belgian forward market. The Brussels Stock Exchange index was 47.96 down at 4,683.08.

Insurer Royale Belge fell the maximum permissible 10 per cent in one session, by BFr 800 to BFr 7,200, as buying orders dried up following the apparent resolution of the battle for control of the group.

Paris edged lower as domestic overnight call rates rose, despite rallying from sharp early losses. Oils led the falls, with Elf Aquitaine FFr 4 off at FFr 382.

Milan fell sharply in busy trade with sentiment affected by investor nerves over Italy's June elections. Blue chips fared worst.

Madrid rose against the European trend, largely due to arbitrage as dealers in Madrid, which was closed on Friday, caught up with price changes in Barcelona, which was not.

Stockholm was steeply down amid worries over domestic interest rate rises.

Oslo eased slightly as profit-taking trimmed Friday's gains.